NEW YORK LIFE
INSURANCE COMPANY

A MUTUAL COMPANY FOUNDED IN 1845

INCORPORATED UNDER THE LAWS OF THE STATE OF NEW YORK

89TH ANNUAL STATEMENT, DECEMBER 31, 1933

To the Policy-holders and the Public:—

The service of a life insurance company is measured, largely, by its returns to policy-holders and beneficiaries. By this standard the New York Life accomplished more in 1933 than in any other year since it began business in 1845.

In this year of stress, in addition to making many policy loans, the Company paid the enormous sum of **$255,977,483** to policy-holders, beneficiaries, and annuitants.

It closed the year with Assets amounting to **$2,010,943,112,** the largest in its history, valued as prescribed by the National Convention of Insurance Commissioners. The Company's total Liabilities were **$1,896,651,321.**

Its surplus funds reserved for general contingencies amounted to **$114,291,791.**

In the interest of conservatism, the Company voluntarily set up in its liabilities two special contingency reserves as follows: **$21,014,507,** which is the difference between December 31, 1933 market quotations and the values carried in Assets of stocks, and of bonds in default, bonds of companies in receivership, and bonds which for any reason are not carried in Assets at amortized value; and **$7,500,000** for deferred mortgage interest collections, which are larger than normal due to the general economic situation.

The Company also set aside a reserve of **$48,038,244** for apportionment of dividends during 1934, a sum sufficient to provide the same regular annual dividend on each individual policy as was paid in 1933, except on term insurance policies.

Of special interest was the increased demand for annuities. Many men and women, desiring to secure a fixed income for life and relief from investment worries, placed their capital in annuities providing a guaranteed life income. The total so invested was **$20,662,386,** a larger amount than in any other single year.

The total insurance in force represented by **2,672,876** policies was **$6,869,268,269.** The total new paid for insurance was **$378,669,800.**

The following table shows the diversification of the Company's Assets as reported to the Insurance Department of the State of New York and valued as stated above:

		Per Cent
Cash on Hand or in Bank	$30,943,412.43	1.54
United States Gov't. Bonds	98,164,386.21	4.88
State, County, Municipal Bonds	154,913,244.26	7.70
Public Utility Bonds	154,483,453.00	7.68
Industrial and Other Bonds	18,598,126.14	.93
Railroad Bonds	360,293,658.42	17.92
Canadian Bonds	39,957,188.69	1.99
Foreign Bonds	2,064,448.32	.10
Preferred and Guaranteed Stocks	67,923,705.64	3.38
Real Estate (*Including Home Office*)	72,477,359.29	3.60
First Mortgages, City Properties	495,297,998.40	24.63
First Mortgages, Farms	17,353,431.95	.86
Policy Loans	413,873,648.41	20.58
Interest & Rents Due & Accrued	41,269,429.08	2.05
Other Assets	43,329,621.78	2.16
TOTAL ASSETS	$2,010,943,112.02	100%

Further information about the Company will be furnished upon request to its Home Office at 51 Madison Avenue, New York, or to any of its Branch Offices throughout the United States and Canada.

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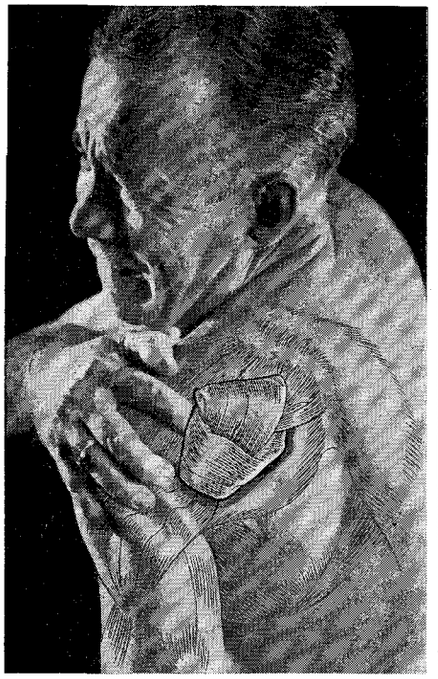

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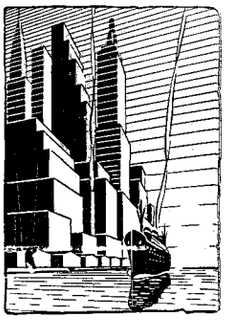
Occupations—

Today and Tomorrow

By Berta Crone



A POET who happens also to be the director of a well-known art school said in a recent conversation that he thought poets could do better than politicians, lawyers, economists, and business men in solving some of our present-day social and economic problems. What he intended to say was probably that since poets understand the emotional relationship between man and his work, they would make provision for the gratification of this spiritual necessity in man when they were establishing the various institutions of government, industry, and commerce. I am inclined to think he may be right. Purposive effort which fosters pride in workmanship rewards not only the individual, but the nation and the institutions of which he is a member. Loss of the creative impulse in work is to a large extent responsible, no doubt, for the stagnation and the despair of the worker, both with and without jobs. It is common knowledge that many workers engaged in large organizations, such as department stores, chain stores, insurance companies, as well as in the machine industries, where work is highly specialized and standardized, find the monotony of the work they do unbearable. Some of them voluntarily face unemployment, loss of the esteem of their fellows, loss of their friends and even home, to escape this boredom and try to find work which promises more individual expression, either in the work itself or the contacts it promises.

The chief incentive of every class of worker, between 1918 and 1929 became as we all know, profits, wages and salaries. It was during this period that scientists and teachers deserted university posts to enter advertising agencies and business houses. Society matrons paused in the round of social functions to endorse cold creams and soaps in order "to earn" a few thousand dollars for their "pet" charity. Boys and girls just out of college inquired which field of work paid the most money and chose their occupation accordingly. In the scramble for profits both the individual and the organization forgot the "old-fashioned" idea of workmanship. When we needed anything which represented skill or artistry we had enough money to buy it in foreign countries. When after 1929 dollars became scarce, and profits and jobs seemed to vanish, men and women became hysterical. What else could they do but commit suicide or condemn the system which had thus brought them to ruin? Without money in a country where the chief if not the sole incentive to work was profits and high salaries and wages the individual was lost. The poet who said that poets would be better able to handle the practical affairs of setting our house in order than the politicians and economists may be right.

Industrial Arts

A PLAN FOR RESTORING PRIDE in work and craftsmanship among American workers took definite shape in Washington, D.C., on January 10th, when the Guilds of America Foundation was inaugurated. Mr. Henry Creange, an artist himself, acting as technical adviser to art industries, such as textiles, household products, apparel, leathers, and other products, is the author of a plan for the craftsman's guilds. The modernized system of guilds which he proposes may rescue the American worker from the Slough of Stagnation. Mr. Creange, whose ideas have recently been published in book form, outlined the plan to a group of men and women in Washington who are particularly interested in salvaging the "small" business and in restoring the pride of craftmanship to the individual worker. He affirmed at this meeting that the Machine Age has practically destroyed the craftsman in industry. The Guild Plan which he suggests provides for the restoration of the knowledge of the arts and crafts and the salvaging of the small industry by "coordinating, through central planning, all these small industries, and financing them through a general plan

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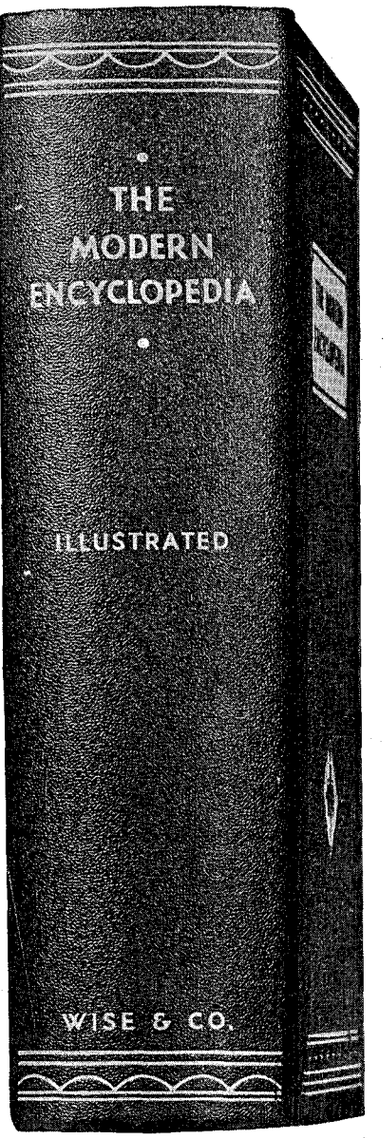

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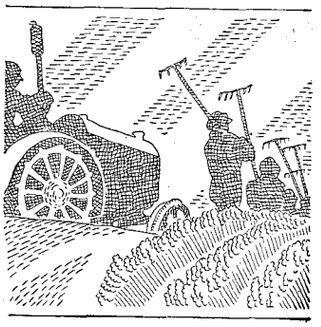

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ignore the fact that
the burning question in Europe at this moment is

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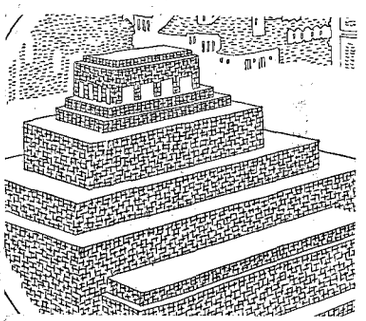
The continued peace on this side of the Atlantic is involved. The fuse in the powder magazine leads as in 1914 to Austria.



L E N I N

the little-known human being rather than the theoretical Marxist or the statesman is presented in a fascinating and interesting biography from sources unavailable in English in the

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which will make it easy for them to function and compete with large industries." Industrial decentralization is proposed by Mr. Creange "which will carry with it a back-to-the-land movement through industry." It is his idea that the Guilds of America will "incorporate nationally into the industrial fabric of the United States a modernization of the old guild system." He believes that adapting the Guild idea will "revivify the small industry, devitalized now by the deadening influence of mass production, stimulate existing local industries, and through research and experimentation create *new industries suitable to the resources and opportunities* of the region." "By making available to small industries and the small industrialist the same advantage in ideas in marketing, and in research as the mammoth industry, and by fostering the work of American designers and restoring the skilled artisan to his former importance by restoring pride in work and craftmanship," they will be able to do this Mr. Creange believes.

This Guild Plan, according to Mr. Creange, will mean "a back-to-the-land movement through industry, and will foster the development of local industrial guilds where craftsmen will be taught *the arts that are best suited to their own neighborhoods and particularly to their racial descent.*" As technical adviser to many industries, Mr. Creange, an American of French birth, has had wide experience here and abroad in having designs created and developed. He calls attention to the fact that certain peoples are suited by temperament and tradition to doing certain things especially well. The Italians, for instance, excell in craftmanship which involves an element of artistry. If Mr. Creange's Guild Plan is adopted into our social industrial structure we shall have such typical guilds, for instance, as the Guild of Iron Workers, Guild of Pottery Workers, the Wood Carvers' Guild, The Graphic Arts and Bookbinders' Guild, and so on. These Guilds must be regulated, Mr. Creange asserts, but must not become monopolies or politically affiliated, and must live up to the rules of high ethics and workmanship. For lack of space I have been able to mention only a few points of Mr. Creange's plan. The Guilds of America Foundation has been launched. Among the trustees of the Foundation are Dr. M. L. Wilson, director of the Subsistence Homesteads Division of the Interior Department, Dr. Alexis Carrel of the Rockefeller Institute, Oswald W. Knauth, former professor of economics at Princeton University and on the executive board of R. H. Macy and Co., Frank A. Vanderlip of New York.

It is interesting to note, apropos of Mr. Creange's proposal, that in an article in a recent number of *Publishers' Weekly*, the American Book Trade Journal, Mr. Frederick M. Hopkins, an expert on old and rare books, calls attention to the need of organization, encouragement, and support of Bookbinders.

The Fine Arts

PROFESSIONAL ARTISTS and those who aspire to paint, etch, draw, model, privately or professionally, have a new friend at court. The Fine Arts Foundation, now being organized in New York City and sponsored by The American Artists Professional League and the National Commission to Advance American Art, has a three-year program which is designed to foster the practice and appreciation of fine art in the United States. We have no fine arts department in our federal government, such as exist in some foreign countries, to encourage the development, understanding, and appreciation of art.

The President of the Carnegie Corporation reports for the year ending September 30, 1933, as follows: "The Year's audit of experience has included a careful review of the activities of the Corporation in the pictorial arts. Broadly speaking, these activities, which have involved in all the contribution of $3,823,200 over a twelve year period, fall into two groups. . . . All these considerations point to the desirability set forth in the Report of 1926, and here restated *with all possible earnestness, of the creation of an independent fine arts foundation in the United States, comparable in capital and scope with the music foundations already in existence.*"

Plans for the formation of the Fine Arts Foundation were under way before this report was made public. As we know, many art organizations are already in existence. The new Fine Arts Foundation organization will act as a co-ordinator and as a central agency, charged with definite responsibilities for fostering the understanding and appreciation of fine art in the United States, and advancing the pro-

(*Continued on page* 61)

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Checklist of New Ideas

ON THREE GENERATIONS OF IDIOTS

I believe that sterilization by the knife is the only means of protecting our people from idiocy. I have seen three generations of idiots in my temple and there is nothing to protect us from the fourth.

—Aimee Semple McPherson.

ON AN ECONOMIC SURPLUS

When a tract of land becomes the private property of an individual who has to depend on it for his subsistence the relation between him and the inhabitants of that tract becomes an economic one, and if they become economically superfluous or wasteful he must exterminate them.

—George Bernard Shaw.

ON THE BEGINNINGS OF A CROONER

I was misunderstood at the beginning of my public career, but I have come to appreciate since then that this was all due to my little, homely small-town philosophy.—*Rudy Vallee.*

ON STANDARDIZED LENGTH

I have seldom been wrong on my estimate of my fellow-creatures, or missed the gold mine that lies in the opinions of drab men of low estate. Nevertheless, I have been devoured all my life by an incurable and burning impatience; and to this day I find all oratory, biography, operas, films, plays, books and persons too long.

—Margot Asquith.

ON A SINGLE OBJECTIVE

What we want is an expansion of wealth—wealth for the wealthy and wealth for the poor.

—Father Coughlin.

ON MATERNITY

The world, especially the United States, has been too kind to mothers for their own good.—*Ray L. Wilbur, President, University of Stanford.*

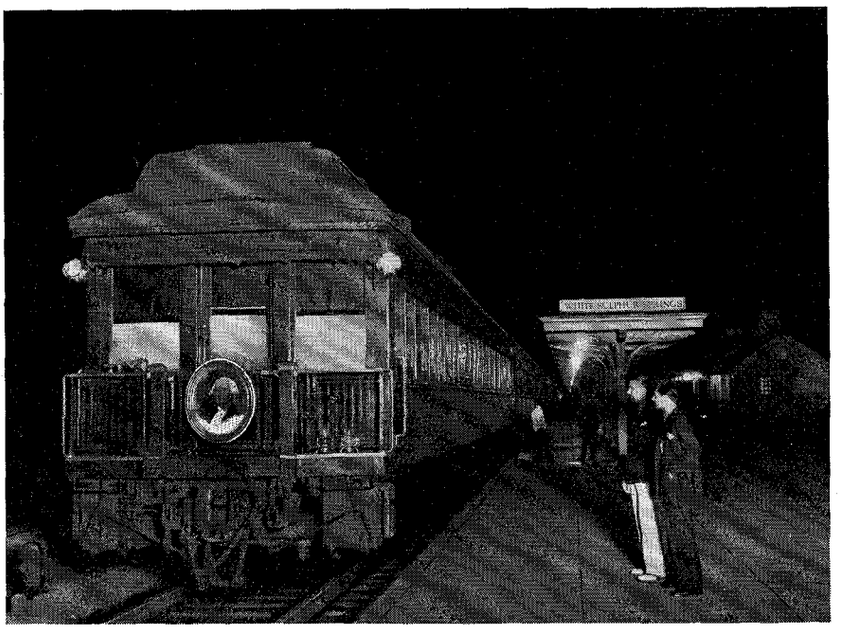
ON WHAT'S FOR LUNCH?

Lunch time is the golden release of the working day, your chance to get your second wind, to recuperate from your morning's expenditure of energy, to refresh yourself by diverting your mind as much as possible. . . . The way in which you spend your lunch time determines to a large extent the value you get out of your afternoon.

—Ray Giles in, "Turn Your Imagination into Money."

★

The George Washington



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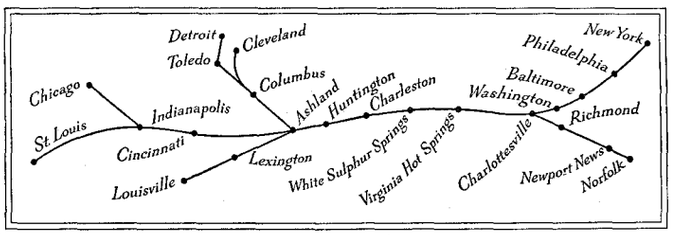

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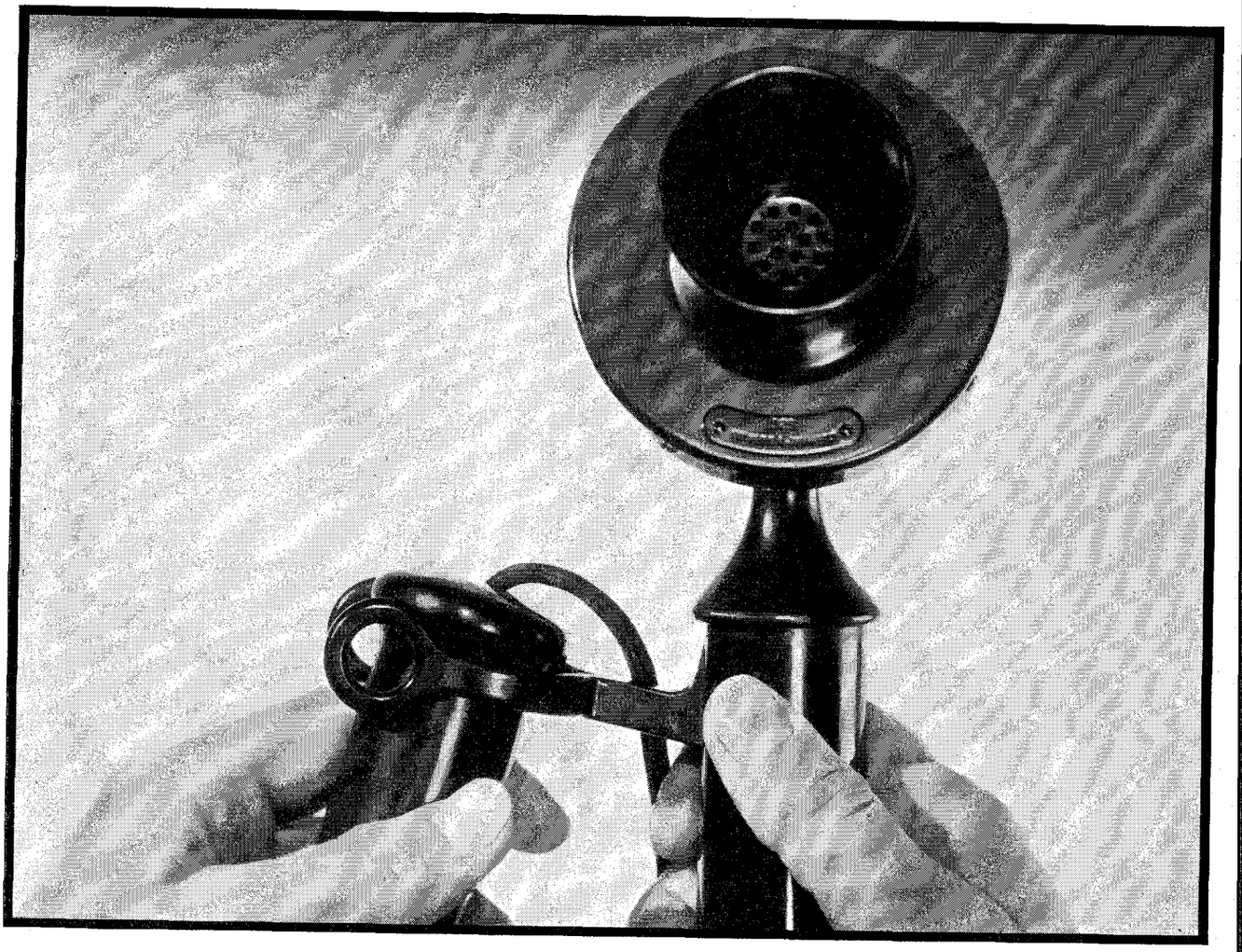

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To find somebody, to get somebody's advice, to bring somebody quickly, to learn somebody's final answer is for the moment the one, all-important purpose.

Have you ever stopped to consider how great a part the telephone plays in the meeting of such emergencies?

Even our daily routine is a succession of lesser emergencies. Satisfactory living in this complicated world consists largely in grasping situations as they arise, one after another — solving each one promptly, finally, and then getting on to the next.

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NEW OUTLOOK

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NEW
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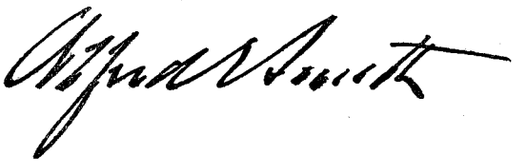
CHILD LABOR



I SUPPOSE that Nicholas Murray Butler, in the course of a long and useful life, has survived a great deal of criticism more serious than that which is being heaped on him for his opposition to the pending child labor amendment to the Federal Constitution. Perhaps one reason why President Butler is little moved by such criticism is because time has so often proven that he was right, especially in attacking popular causes or defending unpopular ones. Personally I think that President Butler was never more right about anything in his life than in his opposition to the child labor amendment in its present form, and that he can do an immense service to the country by continuing, in the face of the present sniping and sneering, to call attention to the dangers of this amendment, and to its striking similarity to the 18th Amendment which we have just managed to get rid of.

It's an old story that the advocates of free speech and constitutional liberties are usually most intolerant in dealing with their opponents, and most ready to deny them a fair hearing. A cartoon in one of the leading liberal newspapers of the country recently showed President Butler in the role of the college president on the steps of his university, warning off the premises the child labor amendment, which was in the guise of a small child begging for admission. The sting of a cartoon is in its implications, and this one implied that Dr. Butler was arrogant, purse-proud, reactionary, hostile to new ideas, and indifferent to the appeal of the young and helpless—which is just about as far from the truth as anything could be.

In a previous editorial I gave my views on this amendment. I stated that it was badly drawn, that it was extraordinarily like the 18th Amendment and had all of its vices and potentialities for trouble, that it did not meet conditions in all parts of the country, that it could not be enforced, that it was unreasonable, and that it would inevitably lead to all sorts of attempts at Federal usurpation and extension of authority over fields and activities to which the amendment was never meant by its more sensible authors to apply. The pending child labor amendment gives the Federal government complete control over the lives and daily habits of every person in this country below the age of eighteen—at any one time a third of our population. Over a period of years, everyone would have a large part of his life regulated under it.

The only real argument which I have heard for the child labor amendment is that it will prevent unprogressive states which permit child labor from dumping the products of such labor into progressive states where child labor is forbidden. This is the same argument that was made for the 18th Amendment, but everyone now knows that no such curse as the 18th Amendment was needed to accomplish this purpose.

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The 21st Amendment does it without setting up another Federal Frankenstein to take the place of one we have just got rid of. We are told that Congress will never do anything extreme or undesirable under this amendment. That is just what the Wheelers and Cannons told us about the 18th Amendment!

For these reasons I would suggest to both the supporters and opponents of the pending child labor amendment that they drop it, and that they join in originating an entirely new substitute amendment comparable to the 21st Amendment. What I have in mind is best illustrated in parallel columns. I have placed the 18th and 21st Amendments side by side, and then below them the proposed child labor amendment, and next to it a new substitute amendment which will accomplish every sound purpose which the advocates of the child labor amendment propose. The purpose of the new amendment will be to leave the question of child labor to the states, just as the question of prohibition is now left to each state by the 21st Amendment, but to prevent any state from sending into another state the products of child labor, just as the 21st Amendment protects dry states from importations from wet ones. I have also suggested reducing the age mentioned in the pending amendment from eighteen to sixteen, because I consider the eighteen year provision unreasonable and unworkable. This is how it looks in contrast:

18th Amendment

Section 1. After one year from the ratification of this article the manufacture, sale or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all territory subject to the jurisdiction thereof for beverage purposes is hereby prohibited.

Section 2. The Congress and the several states shall have concurrent power to enforce this article by appropriate legislation.

21st Amendment

Section 1. The Eighteenth Article of amendment to the Constitution of the United States is hereby repealed.

Section 2. The transportation or importation into any state, territory or possession of the United States for delivery or use therein of intoxicating liquors in violation of the laws thereof is prohibited.

Pending Child Labor Amendment

Section 1. The Congress shall have power to limit, regulate and prohibit the labor of persons under eighteen years of age.

Section 2. The power of the several states is unimpaired by this article, except that the operation of state laws shall be suspended to the extent necessary to give effect to legislation enacted by the Congress.

Substitute New Child Labor Amendment

The transportation or importation into any state, territory or possession of the United States for delivery or use therein of articles manufactured by the labor of persons under sixteen years of age, in violation of the laws thereof, is hereby prohibited.

If there is anything in history and experience, let us adopt a child labor amendment, if we must have one at all, patterned after the 21st, rather than the 18th Amendment. Otherwise we shall be in for another long and bitter repeal campaign.

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TOWN AND COUNTY RULE

ONE OF THE STRANGE THINGS about our people is that they never seem to insist upon bringing the governmental machine up to date and keeping government in harmonious step with the marked progress of every human endeavor over the last half century. We have developed in that time, the telephone, the automobile, the aeroplane and the radio. We have revolutionized all our means of transportation with fast trains and fast boats. We have annihilated space not only in our own country but around the world.

While all this has been going on, town and county government, based upon the English system adopted as far back as 1691, are still in existence. It is true that a great many states have modernized their form of state government and brought it up to date but no place has there been any substantial change in town or county government. We are about all finished with town government. Good roads, the use of the automobile and better transportation facilities have made town government unnecessary. When towns were set up in the Seventeenth and Eighteenth centuries, there were no good roads and what were in existence were very poor and communications were slow. Naturally, the administrative units had to be small, but with telephones, automobiles and good roads, counties themselves today are smaller than townships were a hundred years ago. All of these small government units make necessary a great many offices and officers and that is in a large measure responsible for high local taxes.

The following is taken from a statement by Mark Graves of the New York State Tax Commission:

"In round figures the taxpayers of this state pay yearly $600,000,000 to support 62 counties, 60 cities, 932 towns, 507 villages and 10,600 school districts, much of which could be saved if the small counties were made into larger ones, if sparsely populated

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poor towns were united and school districts consolidated.

"When it costs more money to run government we never think of reducing the overhead or cutting the cost of the service by doing that which business concerns would do, but because governments are not in business for profit and cannot be thrown into bankruptcy courts, we simply go back to the taxpayers for more taxes."

This, I regard as a very pat, clear statement of the situation. A legislative committee in the State of New York, in the course of an investigation found that in some aspects our town and county government has not been altered since the English established a province after driving out the Dutch in 1664. That means that in townships we are still electing a supervisor, a constable, a collector, an assessor, a clerk, a highway commissioner, an overseer of the poor, a justice of the peace, a town officer and a health officer. Obviously it costs a great deal of money to elect all these officials and why should they be elected? The health commissioner of the State of New York with her twelve million people, is an appointive office. The highway commissioner of the State of New York supervises the expenditure of upwards of $40,000,000 a year and he is not even an appointee of the Governor but is selected by the Superintendent of Public Works and presides over a Bureau of Highways.

It must be remembered that when this venerable scheme was set up the entire population of the State of New York was less than 18,000 while today it is in the neighborhood of twelve million.

It is notoriously the fact that counties in New York State which have lost in population between the years 1920 and 1930 have increased in cost of government, in many instances as high as 200%. A glaring example of this is Hamilton County. In 1900, the population of that county was 4,947 people; in 1930, its population had fallen to 3,929 but the cost of operating it increased from $79,757 in 1920 to $253,727 in 1931. The increase in 1931 over 1920 was $173,970 or 218%.

Well, the man in the city says, "What's that got to do with me? I don't know anything about Hamilton County. I live in Buffalo, or I live in Albany or I live in New York. I am not even sure where Hamilton County is." The answer to that is that the taxpayer in New York and in Buffalo and in Albany, pays to the county of Hamilton taxes for her county government, her township government and her school districts on land owned by the State in that county which constitutes a large part of the forest preserve and the State of New York is the largest single taxpayer in Hamilton County and all the citizens of the state make their contribution. Plus that, a part of the teachers' salaries in the schools of Hamilton County are paid by all the taxpayers of the state.

This situation is not peculiar to the State of New York. It obtains in practically every state in the Union. Wisconsin has 71 counties and 1,300 townships. North Carolina, under her Constitution, provides for the election of a Governor, a Lieutenant Governor, a Secretary of State, an auditor, a treasurer, a superintendent of public instruction and an attorney general. That is already too many to submit to the electorate but they have by statute added a corporation commission of three members, a commissioner of agriculture, a commissioner of labor and printing and a commissioner of insurance, all of which are elected by the people.

Coming back to New York State, we could get along with about one half of the counties we now have. In the sparsely settled sections of the state, there is, in some instances, only twenty-five miles from one county seat to another and in a great many instances they are even closer together. In the old days before bridges were built, county seats were opposite to each other along the Hudson River. It is possible today to pass through three counties in the length of time that it took to travel between county seats a hundred years ago.

All of these counties, of course, mean expense which must be met from taxes. All counties have a sheriff, a county jail, a county poorhouse, a county clerk, county judges and the question of population does not seem to enter into it.

Some interesting figures in New York State compare three small counties with one county of equal area and equal population. The three counties in 1926 for overhead alone cost $251,940 while the single county

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of the same size and same population cost $123,000. The average cost per capita for the overhead of the three counties was $1.83; the same item in a single county was $.97.

It is a strange thing that when taxes are high the fault is found with the central government and nobody seems to give any time or attention to the taxes for the support of the local government. In New York State at the present time, more than one half of the total monies collected by the state is turned over to local governments for expenditure either as state aid or as unrestricted grants through the sharing of taxes with local government. That is in effect to say that while local governments can continue to get more than 50% of their total cost from the sovereign power there seems to be no interest in the localities in reducing the cost of their governmental operations. Not only is it exceedingly costly but it is inefficient, overlapping, wasteful and ineffective. The heads of the state department have repeatedly called attention to all sorts of defects in county, town and village government and are on record as declaring that it is the weakest, most ineffective and most wasteful part of the whole governing machinery. The health commissioner frequently complains about the inadequate, small health districts of the villages and towns and has declared that there should be a county health unit. Practically all of the health experts and organizations agree with that. The charity and welfare authorities make similar complaints. The public works and highway authorities say that the town roads are a disgrace; that they cannot possibly stand up under the pounding of present day traffic and a good part of the money given in aid of highways is wasted. There have been town bridges on state highways which had to be taken over by the state for the protection of life and limb.

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An example of overlapping is particularly shown in the assessment and taxation of property. A single piece of property may be valued by one set of assessors for town purposes and by still another set of assessors for village purposes. Sometimes they are given widely different values and after that is all over the same property is subject to a tax levy by an authority or authorities of county, town, village school district or improving district boards to impose tax levies. The bewildered taxpayer feels like a man who was hit by the Empire State Express. This multiplication of effort and duplication is accountable for the fact that New York State has over 11,000 tax collectors, an average of over ten for each town.

It is a noteworthy fact to be taken from the records of New York State that the smaller the county, the poorer the government service. The fundamental weakness of our county government is that it has no responsible executive head. All of its functions are decentralized and divided among a large group of officials. In the fast growing counties it was found to be so ineffective that by statute counties were permitted to set up a county police force to take the place of the village constables and the peace officers of the smaller units. It is possible, in some of the counties of the state, for a police official to be unable to make an arrest for a crime committed a hundred feet from where he is standing simply because it is out of his jurisdiction.

Modern business is successful because overhead cost of operation is reduced. Old time government is a failure because overhead cost is not only not reduced by the use of modern methods but is constantly costing more.

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The natural question arises—why has this been allowed to go on for so long and the only answer to that that I can think of is, the taxpayer and the voters have not taken the trouble to organize and fight against it. While, in New York State, particularly in the last five years, we have heard a great deal of talk about reducing the cost of government, not a single thing has been done by the taxpayers to urge their representatives in the Legislature to pay attention to that part of the messages of Governor Roosevelt and Governor Lehman which deal with this subject. This year Governor Lehman again calls the attention of the Legislature to the 932 towns, the 59 cities, the 535 villages, the 2,467 fire, water, lighting, sewer, sidewalk and improvement districts and the 9,504 school districts, a total number of 13,497 municipal units out-

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side of the City of New York which is, in population, practically one-half of the whole state. Attention is again called to the sixty-two counties, all of which have to be manned with county judges, sheriffs, surrogates, county clerks, registers, district attorneys, coroners, county attorneys and commissioners of welfare and in the towns, supervisors, town clerks, justices of the peace, assessors, tax collectors, highway superintendents, constables and welfare officers. This condition will remain, as our history proves, until there is a forceful and enlightened demand on the part of the taxpayers for a reorganization along the lines of economy and efficiency.

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THE GREEKS HAD A WORD FOR IT

THESE ARE FIELD DAYS not only for sincere exponents of the New Deal and honest planners of a new society, but also for the demagogues. This last class has had numerous opportunities for dress rehearsals at recent sessions of state legislatures on the subject of drastic amendments to the acts governing procedure in the foreclosure of mortgages. It should be noted that in practically all states a stay has been granted to owners in the case of foreclosures on account of failure to pay principal or installments on principal where the owner is not in arrears for interest, taxes and other charges.

Obviously no such mild remedy could be entirely satisfactory to thousands of small owners in arrears for interest and taxes. The fact that municipalities have been brought to the verge of bankruptcy and have had difficulty in meeting payrolls and relief charges, because of the inability or unwillingness of many property owners to pay their taxes, does not weigh heavily with a small owner who naturally sees nothing but his own problem. Similarly, it is too much to expect that the small owner, often without conservative leadership and the counsel of responsible advisers, would fully understand the devastating effects of a general moratorium on interest payments. Left to himself, he could not be expected to understand that if everyone were told that he need not pay interest, most of the savings banks would close, the insurance companies would be brought to the verge of bankruptcy, trustees would have no money to take care of the daily needs of charities, churches, schools and colleges, minors, wards and helpless beneficiaries of trusts and hundreds of thousands of houses, farms and public buildings would fall into disrepair, and business credit generally would collapse. In a word, the prudent, hardworking and generous people who made provision for the future of themselves and families, and for the future welfare of others, would be penalized. Thrift, sacrifice, benevolence and piety would become a laughing stock.

Into this picture step the radical exponents of a moratorium on interest. Thousands of small home owners are informed that they have new champions, and that if matters are left to them they would not only be relieved of payments on account of principal, but could withhold interest also. The implication was also clear that the champions who could relieve the people of interest would see that they were not pressed to pay taxes.

The dictionary tells us that the Greeks invented the word demagogue to describe a politician who makes glib promises. The Romans had their demagogues who promised the people bread and circuses. They were all pikers compared to the modern political magician who makes debts disappear into thin air, deftly turns interest into free rent, and burns up tax bills before your very eyes, always of course reassuring a fascinated audience that every thing will be restored to normal at the end of the show.

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Twilight of the Economists

When economists disagree, what can the public, trained in a blind faith of their unintelligible formulas, do? The writer reports on the opening battle among the neo-economists over the keystone formula of the New Deal, and indicates a possible line of retreat.

By Cedric Fowler

NATIONS in distress have a habit of turning to experts. Driven by confusion, fear and insecurity, mass belief at such times pins itself with a species of desperate faith upon the technical leader, the man with a formula at his fingertips. He promises to lead the people out of discontent. By saying certain words, by compounding certain figures, he makes a recipe that will take them back to remembered prosperity, if only they will follow the prescription as earnestly as he makes it up. Charts, figures, tables and economic aphorisms are the ingredients. The expert handles them with ease. They are his field, and the public is required only to follow—as blindly as its innocence allows.

Now in order to be successful, a formula must possess three qualities. It must be comparatively unintelligible, it must be free from doubt, and greatest of all, it must be completely adaptable. It must fit every situation; indeed, no economist would own one that didn't, and no public would respect him for it. It must be announced with all the air of final authority, for no one is interested in half measures. Finally, it must be complex enough to remain a mystery to all but a chosen band of its professors and disciples. The smaller this brotherhood, the better, for they can keep its inner secrets more secure from prying eyes. Nothing prospers a formula more than exclusiveness. Skeptics creep in when the initiates increase. As in medicine, one doctor knows it all, two re-inforce each other, a third is bound to disagree.

The formula cult reaches its greatest height when it affects government. Ensconced in high places, giving counsel to popular leaders, the technical man attains his extreme triumph. Guiding the nation gives him the chance to try his particular recipe on the greatest scale. He would be less than human if he did not use it to press his formula to the exclusion of all others. And if the government he serves is under vigorous, single-minded leadership, this will happen. The formula finally adopted will rule the whole of state policy. It will be followed to the end, its implications explored in full. In the United States of the past year we have seen just this condition in its extreme form. The keystone of the Administration policy is based on the highly specialized formula of one man. The government is acting wholly in accordance with it. These actions, it must be remembered, affect the life and position of everyone within our boundaries—and have considerable influence on the other nations of the world.

The present formula in control is an excellent example of all that a formula should be. It is esoteric, difficult, and understood by only a few people. So far it has been almost immune to attack, chiefly, it would seem, because of those qualities. Fellow economists, for the most part, have been treading very carefully, perhaps because they are puzzled themselves. Only recently the first criticism has risen on the whole idea of a universal cure-all for our economic ills. Bassett Jones, an engineer, mathematician, and Research Associate in Industrial Engineering at Columbia University, has made the assault—and enough of an assault to warrant serious consideration. His startling contention is that the entire basis of the present formula is wrong, simply and solely because that basis does not exist. Looking at the present formula, he finds it predicated on a composite price index of all the things we consume. This, according to Mr. Jones, is a mathematical absurdity. It is impossible, he says, to reduce horses and apples, pie and cast iron pipe, to a figure which will make sense, much less justify a recipe for national recovery. The formulists, in effect, are trying to measure and understand something they cannot see! They lack the first concept necessary for a plan, namely, any knowledge of what they are really talking about.

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It will not profit the lay mind to go into the abstruse reasoning that brings us to this startling conclusion. This much is clear: the first fundamental attack upon the basic and esoteric formulas which underlie the present government has been launched. By denying that their foundations are real, Mr. Jones weakens their claims to power most effectively. Already one or two leading economists have become alarmed. Stuart Chase has been the first to shout a warning to his brothers. He cites a distinguished Polish scientist who has admitted: "Superb! You have rendered meaningless everything I have ever written about economics." Raymond Pearl and Arne Fisher, famous mathematicians who also think about economics, concur. Bassett Jones, they agree, has found a chink in the

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scientific wall. A flood of skepticism can be expected any minute. The flood may sweep away the entire structure. To the hills, men, the dam has burst!

Who knows, perhaps this Mr. Jones has found, in a most devastating way, the formula to end formulas? If so, he has destroyed the entire technical basis of present day economics—certainly no light feat for a single man. This is serious enough, but becomes more than critical when we remember that the formula now in practice was only chosen after long debate and considerable indecision, and presumably represents the best that could be found. Half a dozen experts were tried and sacrificed before today's incumbent was selected. Professor Warren and his 1926 price level survived. It is no task for the innocent to question the particular decision. Why a professor of husbandry with a susposed price level of eight years ago should be selected must remain a mystery.

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Certain questions, however, may be asked. Was the selection of 1926 made, perhaps, for emotional reasons? Certainly there is not much else about that particular year to recommend it. It was no better than an average twelve months, with unemployment, economic insecurity and other social evils flourishing. But eight years is quite a stretch of time—long enough for the average citizen to forget just what his exact situation was then, long enough to make him regard 1926 as an ideal year. The last year of prosperity—1928-1929—has somehow acquired a bad name. Sermons from press and pulpit have induced a feeling of guilt about it, as though the entire nation had been on a prolonged spree of speculative wickedness, and must never be allowed to do such things again. The Depression was the natural punishment for our sins, and therefore we must keep away from indulgence in excessive prosperity as virtuously as we can.

Now this looks perilously like making goats of the entire population for the sake of a minority. After all, not everyone in the country was playing the market in 1929. By no means all the people had either time or money to try for paper profits. In spite of a thousand millionaires, most of the people were not even attempting to live without working. On the contrary, they were concerned with holding their jobs, with paying their bills, with buying what they needed, in general with the ancient job of the masses—namely that of being the backbone of the nation. And those who felt their jobs and their economic position secure—however illusory the feeling—were content to pay the prices that went with the period. They were not in the least aware that a different price level, even the one that went with the magic year 1926, would be a better thing to live under. The reason, of course, was that most of them had incomes to pay the prices with.

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There lies a great deal of the problem. Most of the people had the money to support 1929 prices. Since the Depression they have not. Since 1932, it is doubtful if many of them have had the money to support even 1932 prices, for they have been going without urgently needed goods and services. Factory and farm sales bear this out. Surveys of the professions show how little the public has been able to engage doctors, lawyers, teachers, dentists, even for the most elementary requirements. Retrenchment has taken place everywhere. But retrenchment applies only to those who have some purchasing power. Though their ability to buy has been lowered, they, at least, present some effective demand on production. Ten million unemployed present no effective demand at all. They cannot support any sort of price level, no matter what lovely year is selected for them. They and their dependents are ruled out of everything but the coffee and doughnut market. And the Salvation Army cannot restore their ability to consume as economically respectable citizens should.

This is not to deny that relief efforts have been made, or that millions of people have been snatched from starvation. Four million men, or six million (exact figures are hard to get) have been put to work on various projects. Undoubtedly the motto "Jobs, not Doles," is admirable. Like many others, however, it lacks completeness. The jobs are only for a short time. The wages are low. Often enough the projects themselves are economically silly. The result is too much like the old fashioned charity woodpile, where the jobless work for a dinner and are sent on their way. It is no method for restoring the nation's ability to consume the goods and services it makes.

The gap between production and consumption is the most obvious contradiction in our present system. The technique of production has advanced enormously. Enough food, clothing and shelter can be achieved to provide everyone with an almost luxury standard. It has been implicit in the industrial system since mass production first got under way. But the appreciation of the fact has been slow. Here in the United States we have just awakened, and we are still a little startled to find that physical scarcity is a thing of the past.

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The activity of the neo-economists is one of the chief reasons why this development has been sabotaged. Adam Smith, whose *laissez-faire* formula was the first all round champion in the field, began the attack on social progress. Everyone knows the sorry mess *laissez-faire* made of the factory system, the social misery it caused. Since Smith's time the universal recipes have been getting steadily more complicated—and often more deadly. Malthus produced a mathematical equation to confound the world, and earned the fine title "dismal science" for his work. Those who found social misery profitable were charmed; here was an incantation that proved civilization to be impossible. Ricardo with his iron law of wages reinforced *laissez-faire* with still more elaborate reasoning. Succeeding economists have added further exquisite prescriptions to the problem. Most of them have continued the grim attempt to prove that material plenty does not exist—or if it does, should be prohibited by law.

The present formula in control agrees with its forerunners. To go back to 1926 prices involves a return, not to a prosperity fitting in with 1934 productive abilities, but with those of the former years. We should forget the

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industrial advance of the past eight years. Price levels, according to the finding of Mr. Jones in his *"Horses and Apples,"* mean simply amount of dollars spent. They do not say anything about the amount of goods bought—in fact, they cannot. They cannot comprise any change in the volume or variety of goods produced. Therefore, the plan of Professor Warren, on which the national policy is built, is a scarcity plan. It does not provide for an expansion in our standard of living. This, of course, should furnish comfort to those who believe the American standard of living has been far too high. It will furnish very little to those who believe the standard should be even higher than the beautiful figure attained in 1929.

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If the formulas are wrong, then, both from the social and the mathematical standpoint, what is to be done with them? Gold plan and 1926 price level seem to be fallible, yet our entire policy for recovery is based on them. They are in control, and the whole nation waits for them to produce the miracle of prosperity. The expected miracle at present is a return to a dubious level of eight years ago. Surely this does not deserve the confidence it has secured.

But formulas have an unfortunate quality; once in power they tend to stick. Governments, for all their brave talk about flexibility, hesitate to throw over a plan simply because it does not work. When a political reputation of great weight has been placed behind a particular scheme, the reluctance increases. Governments are required to give at least the appearance of steadiness, if only to keep critics quiet. If they discard formulas too readily, they are open to the fearsome charge of inconsistency. For some reason political leaders fear this charge more than any other. They will go to lengths to avoid it—even to retaining a plan and a program that prove ineffective.

The truth is that progress towards civilization in the United States, as in other capitalist countries, has been one sided. Industrial, technical, economic thinking has outstripped social thinking. The nation has taken formula thinking to its bosom. It has left the simpler and more social thinking far behind. The neo-economists themselves have agreed to this disparity. Some of them even boast that they are not concerned with political or social questions; they simply want to see the economic machine run more efficiently. The really lofty economic mind has no concern with human questions, leaving them to thinkers willing to be less exact, less accurate in their mental processes. Unfortunately this superior attitude has landed the nation in a mess. It may be seriously questioned if the same attitude will get us out of it.

The trouble began as far back as the founding fathers. When the first rules for the new nation were laid down, it was assumed that the social guarantees in them would be sufficient. Liberty was considered the prime social good, with all human benefits flowing from it. Industrial progress was one of those benefits. It was best furthered by making economic liberty equal to political, so *laissez-faire* was written into the Constitution. The fathers were attempting to foster two processes at once—to allow individuals to become wealthy and at the same time to lead a good, full life—and not just a few individuals, but all. As more wealth was created, more and more people would enjoy a higher standard of living, since liberty was guaranteed to all. In those early times, men not only believed in natural equality, but also in natural goodness. All that was needed for both to flourish was the removal of artificial restrictions. Nature, which had created all men alike and therefore with complete community of interest, would do the rest.

Unfortunately, this has not worked out as it was meant to. The liberty granted to individuals to become rich has flourished more than social liberty. Private capitalism, developing under one set of guarantees, has destroyed the others that went with it originally. It has employed technical and economic formulas against the interests of the people. Economic talent with its gift for formula-making has been misapplied. Generations of learned professors have held their jobs by proving that mass welfare is not feasible. At the moment, sadly enough, some of them are holding jobs in Washington with the same duty.

This disparity between industrial possibility and realization becomes most acute in business depressions. Industrial technique increases, but social profit from it contracts. In view of the opportunities for mass wealth created, the actual social loss is great. The handicap of narrow economic formulas causes this loss. It results in a form of consumption scarcity as effective as under-production. Industrial technique is not at fault. Economic technique is. Thorstein Veblen pointed out some time ago how business sabotages industry. Examining the ruling economic formulas, it is easy to see how they sabotage society.

In a business crisis, the disparity becomes two-edged The collapse of social progress, in the sense that material security is denied, turns and takes revenge on industrial progress. Business, production, industry break down because social standards are diminished. The two are dependent upon each other. Industry can progress no further without equal social progress. Mass production requires a market. In earlier times it was found in foreign countries, or in newly opened areas. Now those countries supply their own needs, and the areas are consolidated. Industry must return to the home market to satisfy itself. But the economic formulas in control destroy the home market. They prevent the distribution of industry's products. They are, in that meaning, anti-social.

So far the people in distress have turned to newer formulas to replace the old. The worst year of the present depression—1932—saw people anxious to place their faith in any incantation, even one so illusory as technocracy. There is mass discontent abroad with the present scheme. A learned engineer has attacked its inmost vitals, exposing a fallacy that may crumble its entire base. If his findings are correct, it means the end of a school of thought in power now. It may mean the end of public faith in that school—may even mean the end of the formulists' prestige and authority. Nothing vanishes so quickly as public faith, once it detects a weakness in the object of its cult.

When that event comes, it will be time to turn away from complex jargon about price levels, indexes and the like to a more pointed, social outlook. It will be realized not by esoteric devices, whether they are ergs, commodity dollars, electric dollars, or 1926 price levels. The change will be extremely refreshing, for the people will be thinking for themselves, rather than engaging delicate experts to do it for them. The thought produced will be considerably less ethereal, but it will be more to the point. It may even cause some suffering, for many expert formulists will have to be dismissed. Society will be able to support the loss.

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Antecedents of the Next War

Where and why will the second World War develop? The author, an expert on international affairs, now in foreign office service which necessitates anonymity, surveys the world scene for the more likely areas of immediate military struggle.

Anonymous

PRECISION of thought has become more and more the characteristic of our age, save only in the field of foreign affairs where the trend seems to run counter-clockwise. Scientists, for example, have now measured the velocity of the storms that sweep the stars, but the human mind has not succeeded in gauging the tempest that rages through the constellation of big and little powers.

The next war is approaching. Do not be taken aback. The frontiers of Western Europe have been fluctuating constantly since the 10th Century and we have enjoyed a decade and a half of stabilized European geography; more than the usual share, in fact, of so-called peace. It is now probably not a whit too soon to wonder how soon war will break out again, and why, and last but not least, where.

As far as either war or peace is concerned, one's thoughts turn first to Germany. The Reich, geographically and psychologically, remains the nodal point of every concept that embraces Europe as a whole. Despite the reduction of German frontiers which was imposed by the "Dictate" of Versailles, Germany continues to dominate the heart of the Continent; the strategic, but misfit, key piece of the jigsaw pattern.

From the promulgation of the Weimar Constitution to the present, through Stresemann, Breuning, Schleicher and Hitler, German foreign policy has been constant. From the days of Bismarck it has been invariably expansionist; to the *Weg Zur Weltmacht*. No sooner had the German signature dried on the Treaty of Peace than German political eyes were again lifted to the horizon of other people's soil. The ultra-Right Junker, with the cessation of hostilities, incredibly but actually delighted in harsh terms of peace, for thus could the nation be united in a nationalist policy; thus would the purposes of peace more rapidly defeat themselves.

After the war the Junker and the Nationalist went into what seemed like an eclipse. An intrigue to join Pomerania, the heart of Junkerdom, to Sweden as a temporary strategem to escape from the victors was coldly rejected by the Court of Stockholm. The Kapp Putsch, a mere episode, went on the rocks of a general strike. Teutonic chauvinism seemed to go into a permanent decline. As far as the outside world was concerned the Republican institutions inaugurated at Weimar seemed enshrined forever in the German heart. The Social Democrats and the Labor Unions took on the aspect of enduring bulwarks, strong enough to defend the new order of things against any onslaught. One began to feel a little sorry for Junkerdom and particularly for the Nationalists.

Gustave Stresemann became the apostle of international understanding; of the policy of the "good neighbors." He was so esteemed abroad that no one presumed to recall the annexationist speeches he had delivered in the Reichstag during the war. Money flowed into Germany; from the United States, Great Britain, from all the capitalist world. Even the hard-headed French were among those who contributed.

In the meantime German post-war policy took on overt form. Just as soon as the Reich had demonstrated to the French that invading the Ruhr was a troublesome business, that one should think twice before intruding on German territory, the foreign political energy of the nation was concentrated on a four point program. This program embodied the common aims of the vast majority of the German people, from the Junkers to the Left-Wing Social Democrats. Even the communists, with the tacit approval of Moscow, treated it with respect.

The outside world was placidly tranquilized by Locarno and Thoiry and complacently treated these German aspirations as a platonic form of international chess.

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The four point program was simple. As a preface to the next European war it is interesing:

1. Evacuation of the Rhineland
2. Elimination of "tribute" (Reparations)
3. Equality of Armaments
4. Revision of frontiers.

The pressure on these four points has been, and is being, applied chronologically and incessantly. Points 1 and 2 have already been accomplished.

The French left the Rhineland reluctantly but in a righteous glow. But when the Stahlhelm goose-stepped into the evacuated area, it was quickly realized that European tension had, on the contrary, been accentuated, not relaxed.

As for reparations, Point No. 2, a nation that can

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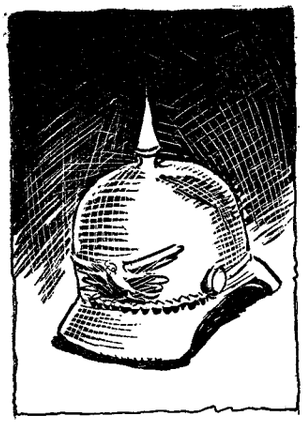

handle foreign indebtedness the way the Germans have, certainly deserves applause. Such a nation does not need any alien guile. They are sufficient unto themselves. Think it over; the Germans paid reparations with foreign money and got enough over and above the demands of the Allies to rationalize their industry at tremendous cost; indeed, to cover the Reich with schools, hospitals, community centers, elaborate slum reconstruction, swimming baths, roads, pretty villas for the Landjaeger, and all the public works that creditor nations would like to have, but can not afford, except by going to the very toe of the woollen sock of their national economy. And now, as the final touch of adroit finesse, Germany, by virtue of a transfer moratorium and the device of scrip, finances an export bounty with her foreign debts. Imagine how happy the Roosevelt Administration would be if it could in such a facile way finance the New Deal with foreign gold?

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Even if Uncle Sam turned out to be merely Uncle Sap in all this German legerdemain, it would be churlish to stint our admiration for an accomplishment of such genial and gigantic dimensions. Even our pre-1929 financiers never achieved Olympian heights such as these. If the Junker and Nationalist went into eclipse, their spirit goes marching on.

When the great inflow of foreign gold and credit ceased, as the natural but tardy consequence of the collapse of the Kredit Anstalt in Vienna, a banking crisis of other peoples' money took place in Berlin; the Hoover moratorium followed and Lausanne ensued. This is all an old story and tedious but the fact remains: Germany is no longer bothered by reparation payments. We can check off point 2.

There remain points 3 and 4; equality of armaments and frontier revision. One is the prelude to the other; and the substantial success of German policy in respect to armaments can already be taken for granted in the light of recent developements and facts which are the secret of Punch and Judy and the *Grenzschutz*.

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Germany knows that neither the United States nor Great Britain will take any effective preventive steps to halt the fruition of German aims, and that, further, each will endeavor in every way to remain neutral during the next war. But what is of greater moment is the fact that Germany is convinced that France will take no preventive measures of a military nature; at least not until the actual moment that the Polish corridor is invaded or the Anschluss consummated by force. Germany is persuaded that French intervention even then will be only half-hearted if it materializes at all. Curiously enough the Poles too concur, though sadly, in this opinion.

International psychology should be made into a precise science. Chairs ought to be established to promulgate it. Embryonic diplomats might well be required to major in it rather than in international law; a dry subject anyway, which merely provides the argumentation with which to cloak expediency. For example, an insight into the fundamental differences between the psychology of France and Germany is essential to any study of the past or future European affairs.

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Success makes France timid; the timidity of caution begot of avarice. France now is surfeited with colonies and with gold. She is worried and frightened. Perfectly conscious of what is written on the wall and probably convinced of the wisdom of such a tactical move, she will not strike to clip the wings of a future adversary. The suggestion of a preventive war has found no great echo in France. This is the case despite the lesson of a past and analogous experience. Napoleon III failed to intervene to save Austria from Prussia. France suffered Sedan in consequence.

On the other hand, the measure of German arrogance is the measure of German success. This quality accounts for the number of allies and associates who made common cause with France and Belgium in the last war. In this respect too history may repeat itself. Germany, like France, reserves her heroic qualities for times of adversity.

After the defeat of 1918, when German fortitude was magnificent, there followed a period of public tolerance and personal liberty which promised to make Berlin the center of European civilization. Unfortunately, the success of National Socialism, which incidentally rode into power on a burro of political technique and a proselyting method borrowed from Moscow, blotted it all out. Xenophobic Prussian intolerance, based *inter-alia* on an entirely justified inferiority complex, destroyed overnight the post-war façade.

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In the pre-Hitler golden era, one thought that the demise of the Imperial Regime had permitted the real Germany to emerge. Alas, it was not the real Germany; it was at best a pleasant and transitory illusion; not to recur until the Reich is once again humbled by military reverses.

To anyone familiar with the countryside both East and West of the German-Polish frontier the psychology of war, inevitable and tangible, has been apparent for at least three years. It is the psychology that counts; not the circumstances. The latter change constantly and are merely ancillary to the real course of events. Recent German maneuvering has fathered innumerable changes of circumstances. On the surface many seem reassuring; some amusing.

One wit has suggested that Hitler should receive the Nobel peace prize. He has succeeded in reconciling all the enemies of Europe. And there is oddly enough fact in this fantasy; France and Italy have stopped quarreling; Poland and Lithuania are getting on nicely; and finally, France, Poland, and the Little Entente are all foregathering sociably with Soviet Russia.

But it is not really reassurring. Germany, convinced to her own entire satisfaction of the purity of her cause and the injustice of the entire world, will continue to roar heedlessly ahead in the international china shop with magnificent disdain for the *bric-a-brac*.

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German national life has changed completely with the advent of Hitler, but her foreign policy remains unaltered, save perhaps in tempo. It is the policy of a nation; not of a faction or party.

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Though this policy is constant, everything concerning it has changed. From Rappalo on, Germany played Soviet Russia as the ace in the hole. There was an ostentatiously close and effective relationship between the two. It was based solidly upon Bismarckian philosophy. It worked well; the history of both Germany and the U.S.S.R. during this relationship was one of unbroken foreign political successes. Poland, caught in between, looked askance at each; relied on luck, France and the Little Entente, with fingers crossed, and flirted with her old friend, Japan; a *faute de mieux* flirtation.

And now, just like Hollywood, the German scenario, with which the actors had rehearsed, has been suddenly discarded in favor of a brand new one. Berlin, principally for domestic political reasons, has abruptly and rudely severed the link with Moscow. The same thing happened once before; the young William II to his eventual dismay, blithely denounced the Re-Insurance Treaty with Russia and dislocated thereby the keystone of the Bismarckian foreign political structure. But make no mistake; it is the same old policy. The program, with its remaining points, survives intact and unchanged.

As one great power maneuvers, the rest, *force majeure,* counter-maneuver. Even the U.S.S.R. grows more friendly to the U.S.A. Indeed this counter-maneuvering has reconciled almost all the former enemies in Europe. And Germany now flirts with Japan; perhaps concerts policy with her.

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The starting point of the next war has been a fertile source of conjecture for some years. Bessarabia, Albania, and the Polish corridor have each, at various times, received favorable mention. The alarmists now point with assurance to Vladivostock and the Maritime Provinces of Siberia as the probable spot.

There is just enough substance to this last thesis to make it distinctly disquieting. We know for example that expansionist fervour is aflame in Japan, that the military have a strangle hold on the country and that an army clique looks upon Vladivostock as an essential, ripe and juicy plum. Indeed, we know, if we need further confirmation, that the U.S.S.R. is convinced of the seriousness of Japanese designs; that incredible effort and still greater sacrifice have been dedicated to establishing the Red Army in the Far East on a basis as autonomous and efficient as possible.

The conquest of the Maritime Provinces is becoming, due to the Red Army, progressively more difficult for Japan. If she really harbors the intentions of seizing them, it is probably a source of regret to her general staff that the attempt was not made last spring. Therefore, if the campaign is to be undertaken, it may well be initiated within the next few months.

We might first examine the potentialities of such a war from our own selfish point of view.

The United States of the New Deal stands only to lose; not to win. If Japan should gain a decisive victory over the U.S.S.R., she would become the dominant power in the Far East, her potential strength against the United States would be enormously fortified. Her foreign policy would be dictated by a military caste intoxicated by victory. Japan would become the source of constant apprehension to America. The only silver lining to this dark cloud is that Great Britain might find it at long last expedient to adopt a policy of loyal coöperation with the United States. This, though, is not a hope to bank on.

On the other hand, let us envisage the possibility that when Japan attacks, her progress against the Red Army is slow and that Japan is obliged to maintain a great expeditionary force in the field over the long cold winter. With the pinch of acute economic distress and possibly Soviet air raids over flimsy Japanese cities, Japanese morale might easily break down; the essential home front might collapse and leave the U.S.S.R. victorious. This is not an impossibility. Recent large scale operations by the Japanese were not terribly impressive and Soviet progress in aviation and chemical warfare has admittedly been more successful than in Japan. But what would a Soviet victory over Japan mean to us?

Soviet prestige throughout the world would be enormously enhanced; not a developement to be too eagerly desired for a nation which houses the Third Internationale which, it should not be forgotten still retains militant ideas of world revolution. Moreover, the desire of the U.S.S.R. for friendly relations with the United States is inspired largely by a wish to have a counterpoise to Japan. With Japan defeated, this desire would naturally diminish. We would automatically become far less necessary to Soviet Russia.

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The picture of a defeated Japan, moreover, does not afford much consolation to the United States. In visualizing the collapse of the Island Empire, one can too easily foresee a teeming population going over to some Oriental and unpleasant form of radical communism, contaminating the entire East and disrupting a large section of the earth's surface. The economy of the capitalistic world, or for that matter the communist, too, can ill afford the loss of great markets.

To leave this gloomy picture in the Far East, it is of interest to conjecture what Germany would be doing while the conflict raged between Japan and Soviet Russia. Of course, Germany would export to Japan. But, it would be over sanguine to hope that Germany would be content to play only a commercial role; the pressure of her territorial ambitions and the temptation to fish in troubled waters would be too great.

Assuming the outbreak of war in the Far East and that by spring she has rearmed to a still more efficient degree, the Reich would doubtless find the moment opportune to crash through with Point 4—the revision of frontiers. This would probably have the unpleasant corollary of spreading the war to the continent; possibly from the Rhineland to Siberia.

Even if France were to acquiesce, a political impossibility, not only in Germany's Anschluss with Austria, but in the restoration to the Reich of Danzig, Upper Siliscia and Pomorzia as well, Poland certainly would not. Germany can enter Poland only by force of

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arms; not by international agreement. Indeed, the radical Nazi thesis of "floating frontiers" (joint German-Polish dismemberment of Russia, with Poland "floating" eastward in compensation for territories renounced to the Reich) can hardly be taken seriously. In all probability, when there is a show-down, France and the Little Entente will stand by Poland, will have to, in fact, and Germany will be the common enemy.

The United States and Great Britain will, of course, remain neutral, when war breaks out; in consequence war on the continent will be protracted and its issue will depend entirely on French willingness to invade Germany; to make the great effort and sacrifice of prolonged, large scale operations on foreign soil, operations in which the French are not at their best.

To this argumentation it can be retorted that I had overlooked the military strength, the numerically great armies of Poland and the Little Entente. I have not. They probably could not prevail unaided against the Reichswehr alone.

The Poles, for example, have as munitions and armaments large but mostly obsolete stocks foisted on them by the French, including even purchases made by France on credit (unpaid) from the A.E.F. The Poles can be magnificent individually; in the mass they are gloriously inefficient. They could not wage war with success against any first class power. And what goes for Poland, which at least has pretty good cavalry, goes twice over for Rumania, and applies to Czechoslovakia, too.

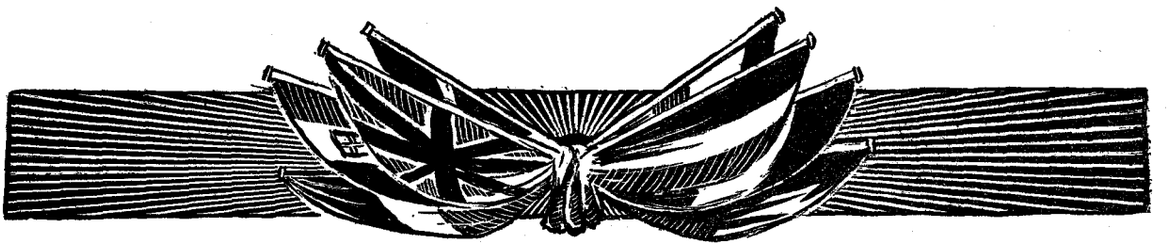
The thought of a combined host of Poles, Czechs, Rumanians and Yugoslavs successfully attacking Germany may evoke thoughts of the skulls of Tamerlane but should be taken with many grains of salt. They would not get very far unless the French had succeeded in the meantime in turning the Reich upside down, which from the aspect of both volition and ability is dubious.

In the event of war on the continent, our selfish interests also suffer; they have no chance to prosper. To that part of our dizzy billions in Europe which we have not already kissed farewell we may intone *adios Granada* in the plaintive fashion of Boabdil.

I have enumerated most of the factors which make for war but, I admit, I have neglected somewhat those which make for peace. Of the latter there are many. Some of them are powerful; otherwise there would long since have been a general conflagration. However, facts are clear and should be faced; the battle for peace has been a losing one. Each year has witnessed a new set-back; the prestige and efficiency of Geneva, of the Kellogg pact, of international conferences and collaboration, of international agreements in general have ebbed grievously. And the tide has not turned; it is flowing out faster than ever.

In all the foregoing discourse Italy has been shamefully neglected. True. Where will Italy be when the next war starts? Right in the bullrushes of self-interest. And let us hope Uncle Sam too will be standing firmly in a veritable and thick jungle of the same protective vegetation.

Uncle Sam has had his lesson. He probably won't play Uncle Sap in the next war. He should at least wait for the war after the next before resuming his traditional international role.



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Farewell to Moscow

by Eugene Lyons

What's in Russia for the American visitor? Mr. Lyons, for six years Russian correspondent for the United Press, speaks his impressions with the freedom and from the viewpoint of one who may be leaving it forever.

AT the moment it seemed commonplace and routine enough. The desperate bustle before departure for a long journey, last-minute chores, farewells ranging from verbose hand shaking formality to wordless heart wrenching goodbyes, naive concealment of innocent objects in a guilty awareness of impending customs inspections. The warmth of new adventures ahead and the chill of leave-taking, perhaps forever, from a scene long familiar. And running through it all, twinges of anticipatory nostalgia. It is not easy to tear up roots of six years' growth.

It was only later, in the dingy dining-car on the way to the frontier—even more so next morning as dismal snow-covered plains and half buried peasant huts jogged past my window—that the unique quality of my last day in Moscow came to me. The incidents that crowded it, the scramble for poor remnants of my belongings, the words and hints, everything seemed to me redolent of Moscow, impossible anywhere else.

"If I could somehow convey that day to outsiders," I thought, "I might give them an inkling of life in the capital of communism. Not statistics and sophistries but the pungent day-to-day realities of simple living people amid their jumble of fears and hopes and regrets. . . . That weary looking mass demonstration. . . . The tragic anticlimax of the stratosphere flight. . . . The vigil maintained by the *"Moscow Daily News"* over the space I was vacating. . . . Tremulous whispered requests for favors. . . . The pervasive apprehensions that I might say too much when I got out. . . . The last glimpse of the *Tverskaya*. . . ."

I despaired of the task. One might record the physical facts. But how is one to record the overtones and implications that give Moscow its special atmosphere? How is one, indeed, to set down the desperations and fears and envies of the immediate moment without blurring the larger issues?

It was another gray, sunless winter day, leaden skies pressing down on Moscow, with sparse wet snow more like a drizzle. Not weather but a smudge. Every new arrival deepened the trail of mud in the corridor. Fur coats, fur hats and hand shakes were damp and beads of snow clung to people's eyebrows.

My office and living quarters were practically empty. A few belongings had been sent on to New York, others had been sold and the balance distributed among acquaintances and servants. What remained on the final day seemed scarcely worth throwing away. A few cheap cups were stacked on the windowsill, some utensils lingered on in the kitchen, a rickety table and several crippled chairs stood in the emptiness. Here and there, cast away in ignominy, were oddments of a dismantled house: some nails, bits of string and wire, medicine bottles, stray buttons, delapidated clothes hangers, torn socks and stockings.

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Russians came and went, some on business, others to say good-bye. My own and neighbors' employees hovered about the place. Kind-hearted emotional people, some of them genuinely touched by my leaving, tears in a few eyes. . . . But through the tears and emotions eyeing the rubbish in corners, fingering some pathetic bit of frayed silk or a discarded pair of bedroom slippers. . . .

Gradually it dawned on me that a vast and complicated campaign was under way for the remaining things. Several claimants appeared for the shaky table. At first a little timidly, then more boldly under the impetus of competition, people rummaged through the rooms and packed away worthless treasures. My house-servant, as residuary heiress, glowered darkly at the marauders. Casually, a bit shamefacedly, a visitor asked whether I was taking the cups with me to America. Another supposed, just by way of small talk as it were, that I was throwing away those threadbare socks. . . . "Yes, you Americans are so prodigal. . . ."

The immense hunger for goods, for the five-and-ten cent blessings of civilization, was too sharp to be politely suppressed. Regret over the loss of the Lyons family may in some instances have been deep enough, but nothing could blot out the desperate yearning for things, for minor comforts and easements.

S———, whom I knew very slightly, skirted around the subject in embarrassment. Then he stumbled to the point. He showed me an address in a Mid-Western American city. His brother.

"Please write him a letter when you get out," he pleaded.

"Why don't you write him yourself?"

"I do, of course I do. We have a very affectionate

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correspondence. . . ."

"Well then, why do you ask me to write?"

"It's like this . . . maybe you won't understand . . . but I think my letters are being read. I suppose all foreign mail is read. So I am careful what I write, maybe too careful. . . . You know, I am a *lishenitz,* one of the declassed, because I was rich before the revolution. I am afraid that if I say one wrong word it will be the end of me. Maybe I'm wrong, but that's how I feel about it.

"Viacheslav, that's my brother, asks me how I am and how is everything in the old country. What can I say? I answer that the country is making marvelous progress and that I am all right and can't complain. In fact, I get scared that it mightn't sound true to a stranger, so I pile it on a bit about how much better it is than in the old times. I don't dare write him that I am living in horrible conditions. We have one room and the children are in rags and Masha, that's my wife, is dying of under-nourishment.

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"So Viacheslav writes back how happy he is that everything is all right with me and the Soviets are prospering. He himself, he says, is not doing so well. Business is rotten in Youngstown. Of course he still has his house and his car and manages to keep the older boy in college. But he dreams of the old country where there are no damn capitalists and blood-suckers and maybe he will sell out and come to live with me. I have tried to tell him not to do anything so crazy, but I can't say it in so many words. I must go roundabout and he doesn't understand. For years now I've kept up this comic correspondence. . . .

"Now you understand what I want you to write him, only he must not let on that he knows when he answers me. Tell him that things are hard for me, awful hard. I don't want to beg, it makes me ashamed, but if you can hint to him that a few dollars through Torgsin. . . . Tell him it's not for me but for my Mashuchka. He'll remember her, we all played together. . . ."

For the past few weeks my upstairs neighbors have been observing the preparations for departure with undisguised and unflattering satisfaction. Their need for the space I occupied rather than the desire to be rid of my company motivated them; this must be pointed out in ordinary justice to myself.

A freak of fate had crowded the only English-language newspaper in Russia, the *"Moscow Daily News,"* into the house where once I lived in bourgeois spaciousness. The bathroom, most of the kitchen and other non-essentials had been commandeered. But I had succeeded in retaining occupancy of several rooms, fortified behind Foreign Office documents and maintaining a barrage of eloquent letters in defense of those rooms. Meanwhile a flat bought and paid for in dollars and dolors was still unbuilt and the *"Moscow Daily News"* had to suffer my constricting presence.

When packing cases, furniture-movers and other clear signs that the space would actually be vacated appeared, the neighborly satisfaction turned to joy. "So you are leaving us, eh?" Comrade Borodin would greet me cheerfully. Lesser functionaires measured the space with covetous eyes, deciding where desks would be deployed. I could not blame them. Although it is only a four-page sheet, mostly cribbed from the Russian papers, the English paper has an average of at least one employee per paragraph and finds existence painfully close.

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Their joy was not unmixed with fear. What if someone else grabbed the rooms? Would their own publishing trust perhaps attempt to take possession? Or Lyons's successor as U. P. correspondent? A campaign was therefore begun to safeguard the *"Moscow News"* priority to the death. Comrade Borodin, trained in the Chinese revolution, was in charge of the strategy. The hall porters were instructed to report any sign of invasion and scouts prowled about the place. The innocent arrival of a trunk raised alarums.

On the last day a continuous vigil was maintained. I lived under its careful surveillance. No doubt every visitor was regarded as a potential squatter. Ten seconds after I stepped out of the place, before I shut the front door behind me, the *"Moscow Daily News"* had seized possession. For eighteen months it had awaited this glad moment.

The morning *"Pravda"* was filled with the XVIIth Congress of the Communist Party, a growing mountain of extravagant eulogy for Stalin the great, incomparable, infallible leader of the laboring masses of the whole world . . . something fantastically over-strained in the humility and belly-crawling, something that makes an onlooker vaguely ashamed for humankind. *"Pravda"* also displayed the splendid achievement of the stratosphere balloon, *"Osoaviakhim,"* which had ascended 20,600 meters; three men sealed in a metal gondola had risen further above the crust of the earth than any human beings in all history.

I knew that the gondola had crashed, the three men had been killed and mangled: a world record, soaring glory—and death. *"Pravda"* knew it too. But the news must be timed: today the glory, tomorrow the death. Foreign correspondents were summoned in the afternoon and given the tragedy in a careful official *communique.* The non-Soviet world would know about it today, the Soviet Union tomorrow. Information is doled out, calculated for effects, controlled and timed, or suppressed entirely. What the 160 millions know or are forbidden to know is decided beforehand.

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Yet some of it leaks out. A friend came and drew me aside excitedly.

"I'll tell you something," he whispered, "but no one must ever know it came from me. I'm risking my life in telling you. I got it by accident. But can I trust you? Will you promise? Well ———"

And he told me about the crash of the gondola. I decided not to spoil his palpitant triumph of inside information. I did not reveal that the whole story was already in the foreign press.

I went along to help my friend the American engineer fill out his application for an exit *visa.* It was a mere formality of questions, a photograph and "twenty-two rubles please." The engineer, however, confidently awaited complications.

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"In Moscow one doesn't accomplish anything at the first try," said he, and I would be the last to dispute him. "Something is sure to go wrong. Some piece of paper or other will queer things." His was a mellow confidence of trouble ahead.

He was right. The *visa* department, having studied the questionnaire and photograph, decided that he must bring a piece of paper from his trust, a "release." He urged and threatened but to no avail. As we left the building he regained his mood of mellow assurance.

"Oh well, this means at least a few days' delay," he sighed. "Getting a piece of paper out of a trust is not as simple as it sounds."

Several hours later he was able to confirm this cheerful pessimism. He found work at the trust at a standstill. Orders had come through for a mass demonstration. In his office, as throughout Moscow, the laboring masses were mobilizing for one of those monster parades familiar to the Soviet capital. There could be no thought of pieces of paper.

"What's the demonstration about?" I asked.

"I don't know and nobody there seemed to know or care. A parade's a parade and the Party cell has the proper banners on tap. So why worry."

A messenger whom I sent to *Glavlit*—the chief literary control bureau at the Education Commissariat—returned at that moment. He had been working for some hours to have manuscripts and personal papers sealed by the censors to avoid trouble at the border. The written word is the most carefully watched item on the list of Soviet exports or imports.

"I had a devil of a job," the messenger reported. "Everybody was going off to the demonstration and wouldn't look at your papers."

"What's the demonstration for?" I tried again.

"Nobody seems to know. It came suddenly."

It was his guess, however, that the turnout was in celebration of yesterday's great stratosphere ascent. That was the guess of tens of thousands who trudged through the slime for hours that day. Other thousands, I am sure, never asked why; theirs was but to march when ordered. But the majority must have known that the occasion was in honor of the Party congress.

I have seen parades in Moscow that really pulsed with life, that were touched with a genuine spirit of celebration. I have seen others, more and more of them in recent years, that were stodgy and uninspired, a duty performed in apathy and weariness. Such was the parade that paralyzed business and blocked traffic in Moscow this day. Wide columns of unsmiling men and women moved slowly under damp sagging banners, hour after hour, without a lift of joy or emotion in evidence anywhere.

It is no edifying spectacle to see great masses driven like sheep, even if they are driven towards heaven. The Soviet population, someone has said, has been condemned to a lifetime of enthusiasm. There is just enough truth in the witticism to make it telling.

Friends took the trouble to caution me against political indiscretions when I should be back home in America. Taking the recent Soviet-American rapprochement as starting point, they argued that my personal interests required that I guard my tongue. Relations between our two countries would be sure to grow closer. Having been *by-lined* under a Moscow dateline since 1928, I would be in demand as a specialist on things Soviet. . . . Look how So-and-So is cleaning up on Russia: books, lectures and the rest of it. . . . But my specialized reputation would fade and droop unless I freshened it every so often at the fount of knowledge by a visit to Russia. In brief, if I knew my *borshch,* I would do nothing which might close the gates of the Soviet land against me.

This reasonable, if not too big-minded, argument was repeated so often that I wondered if it had a common inspiration. But I was wrong. I discovered on the last day that such a thought came naturally to Russians in parting with a foreign writer.

Be careful what you write, was the burden of their advice, some of it outright, some by implication. Now that the restraining influence of censorship will be removed, don't let the new freedom go to your head. Even if what you say be true, it will be grossly misunderstood, exaggerated in the minds of Soviet observers and certainly will be used to bolster up *fascism* and reaction abroad. It may get the Russians who know you too well into trouble.

"Look how your American colleague X . . . . . manages to tell a good part of the truth without offending anybody here," one person said. "He knows just where to stop, and the chief thing is that he never gets excited or bitter. He can come back here anytime he pleases. But what does the German correspondent who was expelled, Y . . . . , get out of being so loud and emphatic? He's cut off from Russia and already stale."

They wanted the gates kept open for me so that we might meet again, of course. At the same time, whether they did it or not, I could read the plea suggested by their tone: the plea not to embarrass Russians with whom I associated by saying anything which might be misinterpreted as "anti-Soviet."

I was able to assure them in all sincerity that I would write no differently, if I wrote at all, than I did while in Moscow. All the same, this pervasive uneasiness cast a shadow over the partings. These people seemed to say: "Our house is not yet in order. . . . It takes time you know. . . . Better say nothing about it. . . ." They do not realize that there is relatively little happening in Russia, good or bad, that can remain a secret indefinitely for the outside world. They do not know that censorship may delay the spread of certain information but cannot expunge it entirely. Their country is too enormous, its undertaking too vital, for concealment.

Ensconced behind suitcases and jammed in by talkative friends, I was motoring up the *Tverskaya* to the station: the first street a Westerner normally traverses when he arrives in Moscow and the last when he departs. The thought that I was looking at it for the last time came to me too late, as we neared the station, and went through me like a knife thrust. With a sort of desperate intensity I stared at what remained of the *Tverskaya,* trying to fix the scene indelibly in memory: the huddled men and women, drab shop windows, church cupolas against the night sky like Arabic writing, a company of Red soldiers singing lustily. In themselves none of these things sound impressive. Yet I knew then—I know it even better now—that together they spelled Moscow, with an accent and flavor peculiarly its own, hard to put into words but never to be forgotten if once experienced.

Several dozen people were on the station platform to

(*Continued on page* 62)

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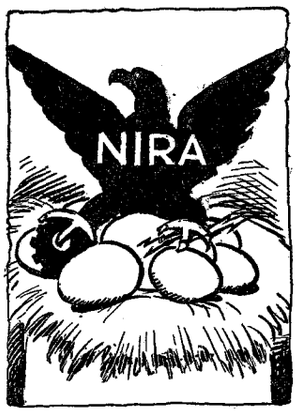
Life Among the Bureaus

By Anthony North

The effort to legislate and govern America out of the Depression has created a new type of bureaucracy and bureaucrat in Washington. A survey of their organization, power and purposes throws new light on the New Deal revolution.

A TOTAL of 17,576 different letter combinations is possible from the twenty-six letters of our alphabet. The available supply of alphabetic designations for the new American bureaucracy therefore is still far in excess of the inventive genius of those who believe that America can be socially planned out of the errors and sins of her recent economic past. Although we already have two CCC's—a beginning of confusion—a ramble through the maze of the new divisions and sub-divisions of governmental functioning at Washington cannot produce any evidence that France has lost her supremacy in bureau production. Nor has the American product achieved anything approaching the obtuse autocracy of the Russian Soviet bureaucrat. But there is no real cause here for chagrin upon America's part. The New Deal is still young.

There is, however, a significant characteristic of the American scene to be observed from the Washington Front of today. If we cannot point with our "bigger and better" pride at the sum total of our ABC functionalism, nor yet to anything approaching an effective interlocking feature, such as is to be found in the bureaucracies of other countries, we can at least marvel at the fecundity and the self-reproducing powers of our "one-year-olds." Take PWA. Of its legal paternity in the halls of Congress there can be no doubt. But watch closely and observe how two bureaus suddenly appear where one was before, and note how PWA becomes not PWA alone but CWA as well. But this parturitional process does not then stop, for no sooner has an entirely new organization come into existence by the simple change of the prefix initial than a new metamorphosis begins at the other end of the new organization, and behold now we have a third bureau—CWS. Twenty-six such organizations alone have been hatched from the original NIRA.



How do they do it?

In the last analysis these alphabetically designated units in the beehive of our government are but the symbols of change, of new direction. Neither their number nor their names are really important to any social critique of the purpose, intent, or value of New Dealism. They are important alone as the setting in which there is beginning to function a new ruling class in America.

Two young friends who lately interrupted their endeavors to achieve Masters degrees in a certain eastern college to follow their favorite professors into the Washington breach and to the saving of America meet on Pennsylvania Avenue.

"Why, Joe, I haven't seen you in a long time. Where've you been? Not gone the way of all good professors, I hope?"

"Not me," answers Joe, who will be twenty-seven years old in the not distant future. "I was sent over to help out in CWA. But I'm coming back to AAA soon."

"'N'how are things going over in CWA?"

"Say, we've been busy," says Joe. "But we've got almost all our money spent now. 'N I tell you I want to get back to AAA, anyhow, 'cause that's where the whole problem is really going to be licked, you know. It's the guts of the thing."

"It's the guts of the thing, all right."

"Well, so long. I'll be seeing you," answers Joe and goes back to his temporary rescue work at CWA, where he functions efficiently throughout a long government day, which in the matter of length seems to have no respect for NRA regulations nor for the increasing frown of the Blue Eagle; where he is assisted by two efficient secretaries, three stenographers and four telephones into one of which he was once heard to bark, "I don't care what General Johnson says, Newark can't have five hundred thousand dollars to finish drainage on a job like that. The land is privately owned and the lease makes no mention of *intent to acquire*. You'll have to find another place to spend that half million dollars."

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There you have the picture of a Junior Brain Truster in full operation. He is the new emerging type of bureaucrat, although he would strongly resent the designation, resent it mainly for its historic connotation. Certainly there is nothing in this new type that has anything in common with the old style government employee who was content to grow old in service and in a frayed office alpaca coat, constantly improving his efficiency at time-killing in the intricate art of sharpening pencils and letting Civil Service worry about his future.

It is true that in other times and under other circumstances, twenty-seven-year-old youngsters would not have been invited to enlist in government service quite so near

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the top. This is one of the phenomena of the Emergency. And it is an important one, because the little generically discussed group now acquiring the title of the Junior Brain Trusters represents a significant force in the actual administration of the New Deal. Their chiefs frequently have been too busy in conference and in planning to devote much time to routine administration.

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The Junior Brain Truster is an industrious, if sometimes over-zealous worker. His intellectual integrity can hardly be questioned. He is never a conservative, although being human despite the rawness of youth, the practical problems of office are tending to move him from the Extreme Left (if that is where he happened to be standing) to a middle-ground Liberalism. He is conditioned in a measure by the abracadabra of the alphabet world in which he lives, but even more by the particular three-letter cell in which he functions. His preference is for those bureaus which in the nature of their work come to the most serious grips with the larger social problems of the New Deal experiments. He prefers TVA to NRA, FSRC to FCA or RFC, and his real favorite of all is AAA. Salary is no consideration—well, hardly any. He is frequently the intellectual protege of his chief—a Senior Brain Truster, a member of the Super-Cabinet, or at least a Special Administrator. This is a small but interesting point. The customary relationship between Bureau Chief and subordinate is non-existent here. The spirit of the college seminar continues, and although it has not yet had any noticeable effect upon Washington life, there are frequent informal meetings in restaurants and studio apartments where in heated but friendly discussion the entire American government is made over. The Constitution is seldom mentioned.

There has been a high rate of mortality in office-holding among the junior appointees. Some good and conscientious men have been sacrificed upon the altar of mistakes made which someone had to pay for. It is significant, however, that this rate has been higher in what might be called the large, "industrial," non-intellectual sub-divisions, such as NRA and RFC. The heads which rolled in the case of the boner pulled in the premature announcement of the banking code is a typical case in point. But even the most critical of Washington observers have to admit that the chaos and inefficiency which marked the early stages of setting up the vast bureaucracy of the New Deal have been disappearing at a surprisingly rapid rate.

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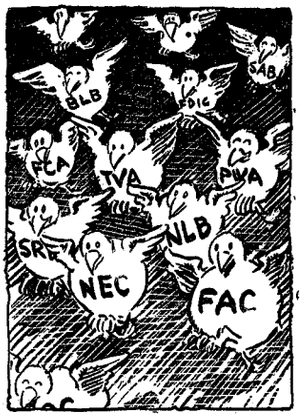
A good deal of this confusion was unavoidable. It was in the nature of change. Much of it grew out of the speed with which a new functional group was called into being, decked out with a brand new combination of letters and sent merrily on its way. NRA began moving into its quarters even before the Emergency Act which created it was signed. The birth of CWA was somewhat prematurely announced at a White House press conference even before the doctors had all agreed that it had any constitutional right to existence—and then it was too late. It was decided thereupon that it would always be considered the minor ward of PWA, living off the bounty of the $3,300,000,000 inherited by PWA from the panic-stricken 73rd Congress. But the next session of that Congress had been convened but a few weeks when the lusty youngster was sitting up and asking for an appropriation of its own and the right to an indefinite and independent life.



From the NIRA there has spawned the "Governmental Alphabet" of EC, Executive Council; NEC, National Emergency Council; RFC, Reconstruction tion Finance Corporation; FCA, Farm Credit Administration; PWA, Public Works Administration; CWA, Civil Works Administration; FACA, Federal Alcohol Control Administration; NBPW, National Board of Public Works; NPB, National Planning Board; SAB, Science Advisory Board; CSB, Central Statistical Bureau; IAB, Industrial Advisory Board; IBRT, Inter-departmental Board on Reciprocal Treaties; FHLBB, Federal Home Loan Bank Boards; BLB, Bank Liquidation Board; TVA, Tennessee Valley Authority; FCT, Federal Coördinator of Transportation; CCC, Civilian Conservation Corps; ECPC, Executive Commercial Policy Committee; ITPC, Inter-departmental Trade Policy Committee; TCFC, Temporary Committee on Foreign Trade; FDIC, Federal Deposit Insurance Corporation; CCC (the first indication that we're running out of alphabet designations with the attendant curse of duplication)—this one standing for Commodity Credit Corporation; and the FSRC, the Federal Surplus Relief Corporation.

It should be noted that all of the above are not *part* of the NRA, but are the sprouting bureaus which arose alone from the planning of the National Industrial Recovery Act. The natural, functional divisions of NRA are the NIRB, National Industrial Recovery Board; LAB, the Labor Advisory Board; CAB, Consumer's Advisory Board; SRB, State Recovery Board; NCB, National Compliance Board, and the NLB, National Labor Board.

It would be too much either to expect or to assume that the altruistic, socially minded spirit of the modern, non-politically inclined Junior Brain Truster, or the intellectual sincerity of his college professor senior, thrown up into power, not through the force of the ballot, but solely as a demonstration, it has been pointed out, of Pareto's theory of the "circulation of the elite," should permeate in its entirety this vast network of bureaucratic organization from "corporation" heads to secretaries (but as far as secretaries go, of course, there is always "Robbie"). And in the matter of this myriad of bureaus it is not all just one big happy family. There have been many bitter, inter-bureau fights, the most bitter of them carried on by the chief administrators, seeking to retain or to recapture new functions and powers which developed from the splitting up of old bureaus into new groups. And too, within the encampment of the Emergency Bureaus on the banks of the Potomac, liberalism and conservatism cause as much strife as elsewhere in our world. But there is a remnant fact: there is one all-pervading coöperative spirit over the Washington of the current Administration. It has both its defenders and its detractors. It can be likened best to that jolly feeling known as war spirit.

As in the case of war, it is intolerant, selfish and

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undeviating. The loyalty of the workers reaches back as much in gratitude for the opportunity to serve and "to experiment" which comes from the White House, as it does to the personality in the White House.

But after all what is a bureau? Objectively, certainly it is a place under a roof where a lot of desks are put together and a lot of people, most of them engaged in routine clerical labor, are put to work at them. In the matter of size and material externals, the NRA Secretarial Pool will serve as a typical example. There are many such vast offices, where there is a high content of zealous labor being done in the good cause of Recovery. If there are many new faces—all new faces in fact—that's easily explained. We've had a change of administrations. If there are more desks, more office space filled, more workers than ever before, that is equally simple of explanation. Government is now the largest single industry of the United States.

It would be difficult to select, for minute examination and comparison with a functional unit of a past administration, the typical New Deal bureau. In not a few there is considerable friction between different degrees and elements of thought as to how far the New Deal should really go. However, since the departure of Mr. Peek from Agriculture, AAA has achieved for most of the intellectual group at least a large amount of ideal perfection. No difficulty exists in selecting the typical bureau of the Hoover Administration. The great monument to bureaucracy in the last Republican regime was the Bureau of Foreign and Domestic Commerce, in the Department of Commerce. This was the pet of Ex-President Hoover. It was early stricken with political elephantiasis and therefore in the matter of size it had nothing to be ashamed of even when compared to the largest of the New Deal bureaus. Its original motive was beyond question. It was to serve, not Big Business alone, but all business. It was not Big Business but little businesses which abused the privilege most. But its real failure was the glutting of the market with its own services, so that as time went on, more and more of the efforts of the office holders within it had to be devoted to "salesmenship of the service" in order that the bureau might justify its existence, and its workers remain employed. Symptoms of this deadly blight are nowhere observable today in the numerous bureaus called into existence by the National Industrial Recovery Act. The program is so vast, the limits of its intent so completely shrouded in the vague phraseology of the new idealism, that there appears to be plenty of work for all.

There are not really many outward material manifestations and changes in the Washington of today which adequately indicate the significance of this revolution in government—if revolution it be. At best, or at worst, Washington is not an hysterical town. The change—the difference—is in the air, in the spirit of things and of people. The disappearance of traditional formality up at the White House is perhaps not altogether an accurate or meaningful symbol. Certainly it is not a material marker, and is noticeable only by those who have past experience upon which to draw for the purpose of comparison. But there is one important new object in Washington which is symbolic. It should not be missed by the American business man on his Washington visit this year—and it probably won't be. It is the code bulletin board up at NRA headquarters. The visitor need only stand before this vast thing, covering a whole wall, floor line to ceiling, with announcements of codes, code hearings, codes in the making, codes to be made, and one glance should convince him that if we have been served that thing called a Roosevelt Revolution, it is in reality an accomplished fact.

The most accurate estimate obtainable on the increase in workers on Federal payrolls to handle the services which the government has taken over from private interests (some say never to be returned) is 40,000.

The patchwork method of building the new government structure accounts in a measure for this increase—both in the number of employees and in the number of new bureaus. There is a typical example of this in NRA, and in the effort to achieve uniform conditions horizontally throughout a group of allied industries. Unwarranted surplusses, for example, were found in the electrical power and appliance field. It was then perceived that here was a case of "under-consumption" on the part of American home-owners. How solve the problem? With another bureau, of course. And so we have the EHFA—the Electric Home and Farm Authority. If pessimism over the eventual success of the NRA is developing, and it is developing not only in widely scattered parts of the country but also much nearer the home of its origin—yes, in Washington even—this disappointment is due in no small part to the realistic perception of the inability of all of these minor bureaucratic units ever to produce coöperatively and efficiently that much desired thing called Recovery.

Then there is the FSHC. This—the Federal Subsistence Homestead Corporation—belongs primarily in the classification of the social planning features of the New Deal. It seeks to provide, near industrial centres, subsistence farms on which workers may live, when factories are closed. But once in operation its relationship to AAA became clear, and in order to prevent conflict with one of the underlying purposes of AAA, namely to curtail all kinds of agricultural production, a significant shift of emphasis in the functioning of FSHC, in order to prevent the new subsistence farms from producing for the open market, was inevitable. Growth and constant change in size and kind of bureaus appears absolutely uncontrollable in this type of government.

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And so finally it should be noted that as "central government" develops through the instrument of running out power lines of bureau control *from* Washington, it frequently becomes necessary to set up at the capital a counterbalancing organization to serve as a sort of check on the first bureau. This is particularly noticeable in the case of the NIRA, the National *Industrial* Recovery administration which necessitated two more bureaus—one to look out for the interest of the consumer in relation to industry, the other to protect the interests of labor. As centralization increases, more and more of these natural conflicts of interest, which normally could be adjusted individually and on a limited scale in the localities in which they originate, will have to be handled at Washington, indicating that perhaps we are merely at the beginning of an era of expanding bureaucracy, and that we are rapidly reaching a time when of the making of new bureaus there can be no end.

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A Cure for Capitalism

By Allen Raymond

Can an economy of scarcity be built in a land of plenty? Mr. Raymond examines the proposed Hamlin cure for ailing Capitalism which accepts Labor as an investment and as an indestructible surplus.

IT costs about $5,000 to *build* a day laborer, and to get him ready to swing his pick—if there is any job for him to swing his pick at. If there isn't any job, somebody's investment is going to waste.

It costs about $10,485 to erect a new machine of flesh and bone to make correct entries in ledgers, or to patrol the streets, or to draw some superior's architectural designs on draughting boards, or to go down New York harbor to interview incoming celebrities. At least, this $10,485 is the estimate of the United States Department of Labor for the average cost of bearing, and rearing to the age of eighteen, the kind of average middle-class worker who was getting about $2,500 a year for a few years of productivity prior to obsolescence and the inevitable scrap heap, in the golden years before the debacle.

If there are not any jobs at which that $10,485 machine can be put to work, an investment by family, and government and society at large goes to waste. If the jobs are intermittent, the rate of return on that capital investment naturally is lowered. The human machine becomes just so much *"idle overhead"* to eat into the profits of machines kept running; to devour, indeed, the very reserves or other capital which society has acquired to keep our economic wheels a-spinning. To make all industry run at a loss, if enough of the human machines are idle! Just as those great idle engines in factories weighted down by surplus capacity for production, sitting there silently, are a factor in lowering the return on the financial capital invested in the plant which houses them.

"Idle overhead" can be jobless men, or stilled machinery.

This ailing capitalism of ours needs a new system of bookkeeping.

Despite all the mouthings of the Hoover Happiness Boys about the partnership of capital and labor in that era of glorified greed and ostentation which led to the latest of our periodic crashes, the partnership has never been expressed on the ledgers. The old "master and man" relationship of the agricultural civilization, ante-dating modern industrialism, has been mantained for the most part, modified here and there by stout trade unions, wresting from the financial overlords of business, against their will, some slight voice in the management of business enterprises; some slight protection for "labor."

That labor really represented an investment, by somebody, or by many persons—parents, taxpayers and the workers themselves—has never been recognized by the management of business. It is not so recognized today, despite the fact that Adam Smith, the father of all this dismal science known as economics, saw the fact of the matter clearly.

"The acquired and useful ability of all the members of human society are capital," he wrote. "The acquisition of such talents by the maintenance of the acquirer during his education, study, or apprenticeship always costs a real expense, which is capital, fixed and realized, as it were, in his person. Those talents, as they make a part of his fortune, so do they also to the society to which he belongs. The improved dexterity of the workman may be considered in the same light as a machine or instrument of trade which abridges labor, and which, though it costs a certain expense, repays that expense with profit.

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"When an expensive machine is erected, the extraordinary work to be performed upon it before it is worn out, it must be expected, will replace the capital laid out upon it, with at least the ordinary profits. A man, educated at the expense of much labor and time to any of those employments which require extraordinary dexterity and skill may be compared to one of those expensive machines.

"The work which he learns to perform, it must be expected, over and above the usual wages of common labor, will replace to him the whole expense of his education (!) with at least the ordinary profits of an equally valuable capital. It must do this, also, in a reasonable time, regard being had to the uncertain duration of life of the machine. The difference between the wages of skilled labor and those of common labor is founded upon this principle."

Therein did that old-time sage discern at least the principle of an investment value in labor, even though the economics of scarcity, which prevailed at that day, colored so much of his thinking as to make much of it inapplicable to modern life and business. For we have entered definitely an economics of plenty, or "a surplus economy."

Smith saw the principle. Modern observers, notably in the insurance field, have widened our knowledge of it.

Dr. Louis I. Dublin, of the Metropolitan Life Insurance

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Company, has figured that the value of a man who in his adult years may be expected to earn about $5,000 annually may be said to be about $9,800 at birth.

The professor's baby, destined to be another professor, or a junior executive in the Buildem and Sellem Title Guaranty Co., perhaps, is worth $9,800 the moment he utters his first yawp. But it will take a lot of expensive nursing and care and education to validate that figure from the investment standpoint. Dr. Dublin shows, however, that the investment value of professional men increases during the first part of their productive period, and declines during the latter part.

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At eighteen, the value of a $5,000-a-year man as fixed capital is about $34,000,—based on expectation of earnings, or reckoned on the Calcutta Sweepstakes system, rather than on cost of producing him.

At thirty, the fortunate white collar man's capital value has reached $48,450, and at thirty-three it is at its maximum of $48,800. Then it begins to decline, coming down to $48,550 in the fortieth year. The $2,500 man reaches the top of his investment value eight years earlier than does the $5,000 man, or at twenty-five years of age, with an investment value of $31,850. Based on probability of future earnings, his investment value will be a mere $5,000 at seventy, or probably less than it was in boyhood.

Such are the capital values of the machines which are born of woman, for which modern conscience decrees a decent upkeep in this era, since man has attained to the capacity of producing far more than ever mankind has consumed, through all the world's history.

Such are the investment values of machines which the entrepreneurs of commerce and industry have been buying at whatever price the market permitted, using them as temporary accessories to their business mechanisms which could be dispensed with at will, using them also without regard to paying those costs of production, maintenance, interest, amortization of investment, etc., which they have charged rigorously against their business accounts to cover buildings, enginery and other physical assets.

Today there are about 8,000,000 or 9,000,000 of these human investments jobless, an "idle overhead," rusting away, depreciating swiftly and eating so deeply into the capital of the nation that we are operating demonstrably at enormous loss.

Now that we are starting the "planned economy," what is the plan concerning this investment?

No plan discernable as yet, except for some temporary relief employment in the CWA and an indication that hours of labor, standardized a trifle under NRA, are to be still further shortened in the hope of greater permanent re-employment. Re-employment, then, according to any Rooseveltian policies thus far disclosed, seems merely another share-the-work plan, backed by the government, in which labor's standard of living will be inevitably lowered to maintain a one-sided profit system.

This one-sided profit system was one of the major factors in wrecking the country. Originating in an age of scarcity, when it indubitably played a useful part in developing the world's resources for plenty, it has outlived its usefulness, and is a menace, rather than a help, to the community.

This article, based largely upon the research and economic theories of Scoville Hamlin, a brilliant student now scarcely known in his own country, is to call attention to the fact that the planned economy, into which we are heading, does not necessarily imply the swift descent into socialism, state capitalism, or communism, which so many of our elder statesmen are discerning ahead of us. There is no need yet to sing a dirge for capitalism. No need yet for the investing classes to sit in sack-cloth and ashes and rend the air with their lamentations. The jubilant shouts and cheers of many of these New Era collectivists would appear to be a trifle premature.

There is life in capitalism. Plenty of life in the old dog yet, and will be more, as soon as the Executive gets through with the job of scrubbing the fleas off the old dog's back, shooting him full of herbs, dusting him off with arsenic. There is life today, and more abundant life to come, if only the New Deal plan of economy will recognize that the age of plenty is at hand today and we have passed forever from a deficit economy.

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These plaguey surpluses, which the Roosevelt Administration now is trying to wipe out, surpluses of crops, and of every kind of material goods, and of man-power for industry, are here to stay, until we consume our way up to levels that equal them. No attempt to bring down their level to our current standards of under-consumption can be successful.

The wise men of Gotham, Dr. Nicholas Murray Butler's trained seals, have recognized that one fact, at least—the folly of trying to end the paradox of want in the midst of plenty by getting rid of the plenty. Seeing this peril in the NRA policy, the Commission of Seventeen wrote recently as follows:

"The illusion that a deliberate limitation of output because it raises prices is a help toward recovery is a dangerous fallacy. It is the more dangerous because the limitation of output of an individual commodity may be for the advantage of its producers if they can thereby control its price.

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"The abnormal situation in agriculture may justify special and temporary measures along such lines, but it should be fully recognized that they involve a tax on the rest of the community, and above all, that an all-round application of this policy would make for general impoverishment, and would solve the problem of poverty in the midst of plenty, by removing the plenty."

Herein are the Rooseveltian NRA policies and AAA policies revealed in their true light. As a shot in the arm for a society that was dying of stagnation they were probably magnificent. A daring experiment, temporarily succeeding in bringing about a necessary, if temporary, revival. As a long-range program, they mean, first of all, the stabilization of poverty. A futile stabilization, doomed to fail, against which growing rebellion well may lead to civil

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wars of violence, and to almost any of those madnesses now tormenting Europe—fascism, communism, dictatorships and tyranny.

Not for America!

The long-range policy whereby a free people may enter into the age of plenty which is just ahead of it, a reasonable goal for their achievement within this generation—will involve, rather, an adjustment of that capitalism which has served so well to develop our resources and mechanical abilities to the job of using them to their fullest extent, instead of dooming large portions of them to intermittent or perpetual idleness.

How is that to be done? This man Hamlin suggests the policy which is here passed along, without pontificating, or any pretense at dictum *ex cathedra,* into the current of contemporary thought.

He suggests the change from an economy in which the hope of profit is the dominant force in stimulating business, an economy suited to the age of scarcity, to one in which regular flow of income to the investments, of both capital and labor, shall be the dominant factor. The struggle for large-scale capital gains brought our business machine to its age of maturity.

A desperate struggle, fought by business titans, it threw business activity forward and upward in swift surges which were followed by periods of depression. It placed an ever-increasing premium on business expansion, until we reached a pace of expansion which Bassett Jones—that single irrefutable technocrat whose mathematics remains to confound even the neo-economists—has shown is utterly impossible of maintenance.

Either this pace must be slowed down, by planning, or it breaks the machine down, recurrently. That pace of expansion, that rate of growth, over and above the capacity of society to consume business products, has left us with all this surplus of plant equipment, surplus of farm land, surplus of unusable human labor.

How cope with it?

By the logical application of two broad business principles to our current situation, according to Hamlin: the recognition of the fact that lives, trained or untrained, are an investment when put into the service of business; and that the cost of maintenance, both for human engines and for natural resources, needs to be figured as it never has been figured heretofore.

In the youth of an industrial civilization, when resources were vast, almost untapped, and at the disposal of any resolute pioneer, vast wastes of natural resources were tolerable. Conservation of resources, by enforced upkeep by those who use them, is now imperative. In a pioneer society, at a low standard of living, where anyone who wanted a job could find it or make it and live approximately in the same fashion as his neighbors, solicitude for the upkeep of human investment was not so pressing a problem as it is today.

Business men, prior to taking profits in boom times and using them for expansion, have never paid the real costs of maintenance of the things they used. Neither have the farmers. The farm-land of the nation has been worked into sterility or toward it, by farmers who moved to better land when the old was worked out. The forests have been denuded without provision for their replacement by the lumber kings who made vast profits out of them. Old coal mines, now called exhausted, contain millions of tons of coal in pillars, while the mine owners have gone on expanding into new mines, for quicker and easier profits. The oil and natural gas industries have similar stories of wasteful exploitation to tell.

And all through business runs the record of waste of human material; its careless and unstudied use until worn out, followed by consignment to the scrap heap.

How put the brakes on this swift, periodic expansion of modern business and its ensuing stagnations? And how enable consumption to rise toward full utilization of plant capacity? By recognizing the investment values of labor, with all the implications which that recognition implies.

Some of the insurance men are recognizing it. "Twenty years from now as much credit will be outstanding with the value of human lives as security as is now outstanding with the value of property as security," according to S. S. Huebner, professor of insurance in the Wharton School of Finance. He has estimated the annual wastage of human resources in the United States as $3,000,000,000 annually.

Somewhere in that insurance principle, which makes a life policy a "callable sinking fund bond" on the loss of life will business begin to work out the problem of keeping human machines at work because of financial penalties entailed immediately by their idleness.

Somewhere within the recognition of labor investment will lie the end of industrial strife between capital and labor, as each becomes entitled to a voice in management. (After ownership recaptures management!) Invested man and invested dollar will each be entitled to a subsistence wage, in solvent busines, and share in its losses. Under the collective bargaining principle, involved in Section 7a of the National Industrial Recovery Act, investors of labor and investors of money well may bargain concerning their share in profits, if any, when each has assumed a responsibility for the upkeep of both.

It is not only unemployment, but lack of security for the masses, which cuts down consumption, even in the rosiest boom days. Some assurance given to the many that they will have uninterrupted income will inevitably increase their purchasing, as they cease self-denial and undue saving or undue speculation to protect their old age. Only a steady rise in purchasing will put that surplus factory equipment to work at last, and re-employ labor.

Such a business partnership between the investors of money and the investors of labor will not, in truth, be capitalism as we have known it. It might, however, be a true capitalism, instead of a half-true or false one. It certainly would not be socialism, nor government ownership and management, nor fascism, nor communism.

Might it not be an honest capitalism, mature and free because it has learned the law of self-restraint and intelligent planning?

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Economic War Reports

Compiled By E. H. Collins

American Front

THE UNITED STATES has lately made progress in the three fields in which a country can hope to build up its external trade. First, the dollar was depreciated further and brought down to a gold content of 59.06 cents. Second, trade agreements were being negotiated or concluded with Sweden, Portugal, Brazil, Argentina and Colombia. Third, an export bank with resources in excess of $100,000,000 was formed to finance exports of agricultural produce and machinery to Russia.

At the moment the United States has the advantage among the western nations in the rivalry for world trade. By depressing the dollar to a point lower than the trade position of the country called for, the United States has substantially increased its exports at a time when Germany was running up an adverse trade balance for the first time in four years, when the imports of Great Britain were having an unseasonal spurt and when unemployment in France and Italy was on the increase. Apologists for dollar depreciation maintain that if the United States can but extend its recovery for a few more months the improvement of buying power here will be a lever to raise business activity and prices all over the world. It is a neat theory, whose only flaw is that things do not work out that way. The currency depreciator winds up by experiencing improvement at the expense of the rest of the world and by finding retaliatory measures taken, as Britain is discovering, that nullify most of the illusory gains.

In addition to the trade agreements being discussed with various countries, the United States is using liquor quotas as bait for several schemes to increase exports of specific American products, with most attention given to agricultural produce. With the formation of the export bank, the appointment of Mr. Peek to a sub-Cabinet post whose sole purpose is to build up foreign trade and the attention being given by Secretary Hull to the improvement of political and economic relations with Latin America, the Roosevelt Administration is showing itself to be unusually aggressive in fostering the export trade.

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Italian Front

THE INTEREST which Italy has in preserving Austria's independence is more than an academic one. Behind the political considerations of balance of power, keeping Germany from coming right down to the Italian frontier, etc., has been the consideration that Italy has an economic stake in keeping Germany from gobbling up Austria. How these economic interests figure in the maneuvering over Austria's status is thrown into relief by the news that the German ports of Bremen and Hamburg have formed a Hanseatic defense league to meet the strong bid for Austrian overseas commerce which the Italian port of Trieste is making. Trieste has been dangling before Austrian shippers the lure of rebates for trans-shipments of overseas cargoes. If Germany should in fact, or in effect, annex Austria, Italy would lose some business she already had and would have to abandon the hopes she has for increasing her Austrian trade if the Heimwehr power should become supreme. Though Italian unemployment rose more than 25,000 in January, the lira was still hitched to gold. Mussolini followed up his reduction in wages throughout the nation by "imperial decree" by undertaking a conversion of the 70,000,000,000 lire consolidated loan from a 5 to 3 1-2 per cent interest basis on terms which had some of the appearances of a forced conversion. Italy, along with Spain, has agreed to take a substantial amount of tobacco from the United States in return for a favorable liquor quota. Similar negotiations are under way between Czechoslovakia and the United States.

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Canadian Front

THE IMPROVEMENT in Canada's foreign trade continues in striking fashion. From a nation with an adverse visible balance of trade a few years back, Canada has now an export balance, the commodity trade balance in 1933 being $145,000,000, against $80,000,000 in 1932. The trend carried over with full force into January, when exports amounted to $46,652,017, against $31,561,813 in January, 1933. Imports, too, were higher, being $32,489,462, against $24,441,133; but the rise in exports exceeded that in imports by $7,000,000. The following figures indicate how important the Ottawa agreement has been in helping Canada's foreign trade. Exports to Great Britain increased from 30 per cent of the total exports to 39 per cent, while imports from Britain were up from only 18 per cent to 21 per cent. Of the total exports, 47 per cent were within the Empire, against 38 per cent in 1932, and Empire imports were 38 per cent of the total, against 25 per cent. The campaign of the de Valera government to make Ireland more economically dependent of Britain has proceeded to the point where the government is preparing to embark on an intensive "Buy Irish" drive. Projects were being planned to manufacture goods of various kinds, from cutlery to automobile tires and from footwear to nitrogenous fertilizers, and efforts were being made to develop a tobacco industry and encourage cotton production. An embargo will be imposed on automobile imports as soon as work is finished on six new plants for assembling motor cars. Thus is Ireland's course pointed down that road of economic self-sufficiency along which traffic is so heavy these days.

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Japanese Sector

AS JAPAN strengthens her commercial foothold in Latin America she invites the United States to cultivate the markets of Eastern Asia. It is being pointed out in Tokio that American and Japanese exports do not compete in China and that Manchukuo offers a great outlet for American manufactures. There is no doubt that Japan's incursion into the Latin American market offers the most serious competitive threat the United States has had in that field. As but one of many examples which might be cited, a Japanese firm has underbid those of all other nations on a large order for pipe in Mexico, the long Pacific haul offering no handicap in costs to Japanese interests. Cotton consumption in Japan is at the highest levels on record, with the Japanese mills using 260,000 bales of all growths in December, against 226,000 a year before, and 1,241,000 bales in the first five months of the season, compared with 1,087,000 in the previous season. Japan has been able to force an opening for her textiles in India on the threat of stopping the purchase of Indian cotton. But while Japan was temporarily debarred from the Indian market she improved her time by finding new markets for her textiles and cultivating old markets more intensively. These efforts have met the greatest success in the Dutch East Indies, where the British have practically retired from competition; Australia, Manchukuo and South America. Intending to compensate for the loss of Russian trade, Germany is reported from Tokio to be thinking of being the first nation in the world, except Japan, to recognize Manchukuo.

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Latin American Sector

THAT CUBA'S POLITICAL INSTABILITY is primarily economic in origin is a commonplace, and President Roosevelt by announcing his intention to ask for a Cuban sugar quota almost reaching 2,000,000 tons, and perhaps for an increase in the tariff differential in favor of Cuban sugar, has taken a long step to pacify the social and political conditions in the island republic. At the same time, this formula for meeting Cuba's needs means a new lease on life for the one-crop economy that has been Cuba's curse, and it is an open question whether, from a longer perspective, it might not have been better to have done with sugar for good, and to have encouraged the diversification of Cuba's production that has already made rapid strides since the Depression started.

Elsewhere in Latin America signs of improvement are not lacking, though they are spotty and perhaps of uncertain duration. The rise in the world price for wool has proved a boon to Uruguay, and in a smaller degree to Argentina and Chile. Brazil has felt herself strong enough to make plans for the funding of the external debt of its states and municipalities. It looks as though South America may be entering on a new economic phase; the mopping up of past wreckage preparatory to another forward thrust in material development.

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Russian Front

PERHAPS THE MOST SIGNIFICANT development in the world of foreign trade in years is the adoption by the Soviet of one of the tactics of its capitalist competitors as a means of selling goods abroad. The tactic is the granting of loans to a prospective purchaser, or the application, in the language the Kremlin would understand best, of the methods of finance-capital. The recipient of the Russian loan is Turkey; the amount, $8,000,000. Moreover, it is Russian-made machines which Turkey is to buy, not Russian cereals, oil or lumber. Soviet Russia is obviously not in a position to offer competition with the countries which have large amounts of capital for export, as one of the chief problems the country has to face is the getting of sufficient credits to finance the second five year plan. Nevertheless, Russia has made her first external loan, signalizing her growing importance as an industrial exporter. Foreign Trade Commissar Rosengoltz said recently that in 1933 industrial exports had constituted 70 per cent of total exports, while before the war Russia's exports consisted of food and raw materials up to 70 per cent of the total. He said that the trade balance in 1933 was favorable to the extent of $75,000,000 (gold), as against unfavorable balances of $70,000,000 in 1932 and $50,000,000 in 1931.

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British Front

THE PRINCIPAL TRADE developments in Great Britain in the month under review would have to include a £10,500,000 rise in imports in January over the total for January, 1933, against an increase of only £2,400,000 in exports; the outbreak of a trade war with France, the signing of what may be an important trade agreement with Soviet Russia, and the display of an attitude of firmness toward Germany over the discrimination of the Reich in favor of Swiss and Dutch long term creditors. With that resiliency of character that is a prominent British trait, the British authorities do not appear to view with alarm the worsening of the foreign trade showing in January. Nevertheless, there must be some in Great Britain who are able to see a connection between the rise in imports and the depreciation of the dollar. Anglo-Russian trade agreements are not noted for their hardihood and longevity, but the new agreement may be more highly regarded in Britain since it embodies the principle of a gradual increase in Russian takings of British goods until, a few years hence, their trade strikes a balance. On the basis of 1932 figures, the Soviet will soon have to buy about £4,000,000 more annually from Britain. At the outset, however, the Soviet will buy £1,000,000 of British goods for every £1,600,000 it sells to Britain. The trade war between Britain and France seems to be due in good part to frayed nerves. On the ground that France is treating imports from the United States and Belgium more favorably, Britain has imposed new duties on certain French imports, particularly on silk goods. Yet since 1931 Britain has reduced her imports from France from £41,000,000 to £19,000,000, while French imports of British goods fell only from £22,000,000 to £18,000,000.

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French Front

THE COURSE OF EVENTS in France must be viewed in the light of the current unemployment figures. For the week ended February 10 there were 343,715 fully unemployed persons on the rolls of the government relief agencies, an increase of 7,921 for the week and 17,375 for the year. While other countries may be talking of trade betterment, the fact remains that in France the present number of unemployed is 12,000 larger than the peak figure for 1933. In other words, the improvement in the paper standard countries, or those with devaluated units, has been achieved in good part at the expense of the European gold bloc, especially France. Though the franc holds to gold, it is not the old

(*Continued on page* 61)

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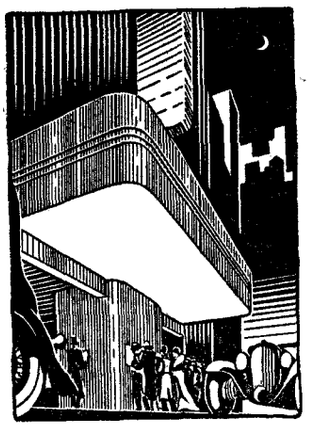

To See or Not to See

By Cy Caldwell

All the King's Horses *Romantic musical presented by Harry L. Cort and C. H. Abramson*

The program describes this old-fashioned routine musical as "A Royal Escapade in a Little European Kingdom . . . Let us call it Langenstein." Or do you mind if I call it Limburger? Well then, the King of Limburger, near Ruritania, has his beard shaved off in a local barber shop and discovers that he now resembles a Hollywood movie star who, by a remarkable coincidence, happens at that moment to be in the same shop. What more natural, in the Little European Kingdom of Limburger, than that the King should suggest to the actor that they change places? The King goes Caroling off to Paris, the actor goes to the throne of Limburger, meets the Queen, and, as Samuel Pepys so aptly remarked—and so to bed. Of course in the end the King, unlike Alfonso of Spain or Wood-chopping Willie of Germany, comes back, retrieves the Queen—and all the King's horses and all the producer's librettists can't put the Humpty-Dumpty actor's busted romance together again. And there you have the plot, in a cheese sandwich. All of which, in 1934 with its dictators, its New Dealers, its old debts and new, and its knee-action wheels seems very quaint and dim and far away. Guy Robertson, Nancy McCord, Andrew Tombes and others do well by their ancient and not very amusing material. If you can stand one of these mythical kingdom romances at this late date, I suppose this one will serve well enough. There's one good musical number, "I Found a Song."

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No More Ladies *Comedy by A. E. Thomas. Presented by Lee Shubert*

The more frivolous and forgetful among us probably will enjoy this trivial little fable of love and infidelity among that excruciatingly witty light persiflage set which you will encounter only in the theatre—those killingly funny people who remark brightly that Wall Street has a graveyard at one end and a river at the other, and that they can't tell the difference between monotony and monogamy. Just imagine those creaky old wheezes bobbing up again in a 1934 comedy, which also uses many other gags old enough for Cantor and Wynn to revive for radio. However, the second night audience laughed and laughed, at old ones and new ones; so perhaps I'm just a sour old fellow with too good a memory. Certainly Mr. Shubert has provided an excellent cast to do well by Mr. Thomas' none too healthy and youthful script. Lucille Watson, Melvyn Douglas, Rex O'Malley, Ruth Weston and Louis Hector do their best to make it enjoyable, and in large measure they succeed. It is not their fault that I didn't have a better time. There are many bright moments, and not a few dull and reminiscent ones, adding up as a fairly amusing evening—if you don't expect too much.

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Broomsticks, Amen! *Play by Elmer Greensfelder. Presented by Thomas Kilpatrick*

Perhaps my enjoyment of this folk-drama of the Pennsylvania Dutch and their witch doctors was founded less upon its value as a play than upon the welcome relief it afforded to one who has been deluged recently with a flood of nincompoopish comedies, more remarkable for their inanity and vulgarity than for their humor. I'm always happy when someone attempts something different; so when a playwright doesn't labor at trying to knock me into the aisle with his wit or his sophomoric ideas on infidelity, I'm very grateful to him, and can forgive him much. Mr. Greensfelder has written an earnest little play about the pow-wow doctors, but has marred it with a very theatrical bit of shooting which was not in the least convincing. Folk-lore and the theatre of the Al Woods era make rather awkward companions. The acting is good, allowing that Broadway actors occasionally make heavy weather of the Pennsylvania Dutch accent, but for a folk drama the acting should be better than good. In Broomsticks, Amen, it isn't. However, I enjoyed it; and although it seems a rather naive exhibit for Manhattan audiences, perhaps you might like it too.

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Richard of Bordeaux *Play by "Gordon Daviot." Presented by William Mollison*

In several recent pictures of outstanding merit the various royal personages, from Henry VIII to Catherine The Great, linger in my imagination as real people, or at least as the artistic re-creation in light and shadow of what I am willing to believe were real people—even though I am certain that when they lived they were not like that. These royal figures of the shadowy cinema world "came alive" in my mind, touched some responsive chord of my understanding, and permitted me to accept them as easily and as naturally as I accept Will Rogers in his homespun characterizations. I am quite unable to meet the characters in Richard of Bordeaux on any such imaginative plane. To me they are merely actors in beards and wigs, looking rather ill at ease in the frills and furbelows of fourteenth century costumes; and they remain actors to curtain fall. And this, I feel assured, is not their fault; nor is it mine. All of them are good actors; and I am a fairly responsive member of an audience. But the glare of the stage, less kindly than the soft lights and shadows of the screen, shows up these people as moderns masquerading uncomfortably in funny apparel. Catherine The Great, for example, is an admirable cinema production; Richard of Bordeaux is only a stage show, and rather a dull one. However, there still are people who can believe in this sort of thing, who can be stirred by the tinsel emotions the cast manage to evoke in the more susceptible. To such believing souls the play may be a treat; to me it was a mild and dignified bore, gorgeously dressed, capably acted. Dennis King, Hugh Buckler, Francis Lister, Henry Mollison, Margaret Vines, John Buckler and all of the others do well, everything considered; but they didn't manage to drag my possibly hulking imagination to within several centuries of the year 1385. They left me where they found me, on an aisle seat at the Empire Theatre.

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The Shining Hour *Play by Keith Winter. Presented by Max Gordon*

The Shining Hour is the one play of this past month which lifted me completely out of myself; it set me down as a privileged snooper on the affairs of the Linden family in rural Yorkshire. Here were more than actors, imported from England by Mr. Gordon to speak the lines of Keith Winter's play; here were the characters themselves, transported from their Yorkshire farmhouse with their phony but engrossing tragedy, their malicious humor, their perturbing loves and hates. I could believe in each and every one of them, enter into their thoughts, be disturbed by their problems. And yet, thinking it over between acts, I knew well enough that I could take no stock in the tragedy in which this family found itself involved; it was a tragedy of

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the theatre, not of life; no woman, loving her husband, could throw herself into a blazing barn and die that her husband might be free to marry his brother's wife, whom he loved. It isn't done especially in England. But on the stage of the Booth Theatre it *is* done, and so deftly that you believe in it. Well, if you don't believe in this particular incident, on which the plot hinges, at least you believe in the people, in what they say, in what they do, in the manner in which they react to the situations in which they find themselves. Nothing, you feel, has been cooked up for them by a clever dramatist (although it has, of course). All of it, you find yourself thinking, is happening to actual people. The writing and the acting are the worthwhile virtues of this quite unbelievable play about entirely believable people. I recommend it strongly to your attention. The cast is perfection, and includes Gladys Cooper, Raymond Massey, Marjorie Fielding, Adrienne Allen, Cyril Raymond, and Derek Williams. The direction of Raymond Massey is perfect.

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Catherine the Great *United Artists — London Films*

This truly magnificent picture is a highly sentimentalized version of the early married years of the German princess who was to become Catherine II of Russia. Considering the scandalous chronicle of Catherine's life, which was a commonplace of all Europe, this picture can be accepted only as entertaining fiction; for here we find a round-faced, big-eyed, timid, trusting, affectionate little creature who loved her handsome and dissolute husband, the grand-duke Peter (Douglas Fairbanks, Jr.). The real Peter was sub-normal in physique and in mind, and the real Catherine never was such a fool as to love him, even for a minute. But Alexander Korda very sensibly has kicked fact out of the window and has produced a superb romantic drama; if he wants to call it Catherine The Great who am I to quarrel with him over a detail? Elizabeth Bergner gives a glorious performance as this sentimental Catherine; she is not beautiful, her appearance is not even arresting, and yet she achieves moments of emotional intensity which will stamp her acting indelibly upon your memory. There is a saccharine directional quality to the earlier sequences which handicaps her, I thought; but as the picture develops she grows in artistic stature and gives an intelligent and thoroughly adult performance, real and moving in every detail—despite the fact that not a bit of it could have resembled even remotely the real Catherine, who seems to have embodied some of the characteristics of Clara Bow, Peggy Joyce, Hitler, Mussolini, Huey Long, and Mae West. The real Catherine was, I should say, quite a handful.

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Wednesday's Child *Play by Leopold Atlas. Presented by Potter & Haight*

So much genuinely fine feeling, so much of compassionate understanding, so much that is real and human and moving has gone into some of the writing of this play about a child of divorced parents that I am amazed at the amount of bad writing and muddled thinking which forms the bulk of it. It is as though a sensitive woman had written the child's part, while two unemployed commercial travelers had devised the lines and situations for the parents. According to the old rhyme a child born on Wednesday is full of woe, and in this instance the child surely is out of luck in the stagey things his parents are called upon to say and do. I couldn't believe in either one of them, not for a minute. The mother is having an illicit love affair all over the place, upstairs, downstairs, in my lady's chamber, and in cars parked right in town where small boys of the neighborhood can watch her goings-on and taunt her ten-year-old son about them. As the play opens, even the husband gets wind of this; there is bickering and slapping, a divorce, and the child is passed back and forth at the court's order, first to one parent, then to the other. The mother soon marries her friend of the parked car, the father is about to marry again, and the child is in the way; finally he is packed off to a military school where we leave him on his way to becoming a philosopher. The part of the child is beautifully written, and it is splendidly and affectingly played by young Frank M. Thomas, Jr. Katharine Warren does well with an impossible part, but the rest of the acting is mediocre. Even the settings seem to have been designed and built on a Wednesday.

The Wind and the Rain *Play by Merton Hodge. Presented by George Kondolf and Walter Hart*

Here is a delicate little English play, a sensitive flower that scarcely bears transplanting from its native heath to the rocky island of Manhattan, where it takes a sturdy growth indeed to withstand the rigors of our winters. The Wind and the Rain is a pleasant importation, but it is rather weak and inconsequential. It is essentially a character study of a gentle young English medical student, son of a devoted mother who expects him to marry a girl whom he has known all his life. In Edinburgh he meets a young sculptress, loves her very gently and tenderly for the five years of his course, and then returns reluctantly to London to marry the girl his mother had chosen. But the mother dies, the girl gives him up, as she didn't want him, so he returns to his sculptress. Raised a weakling, he had leaned on his mother in his earlier years, leaned on the sculptress for five years, and finally returned to lean on her for the rest of his life. He did declare that he understood his failing and that in the future she could lean on him; but I hope the poor girl didn't believe him. He is the type that strong-natured women mother and that big strong men in the audience grow very impatient with—you know the type. Anyhow, it's all excellently done by a fine cast headed by Frank Lawton and Rose Hobart, with fine performances by Mildred Natwick, Lowell Gilmore, Edward Raquello and all of the others, despite the fact that mixing English and American styles of acting is somewhat confusing, as though the Irish Players had employed some of our local talent to help out. Personally, I enjoyed it, if that means anything; but I must admit that it was a pretty tame evening.

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By Your Leave *Comedy by Gladys Hurlbut and Emma Wells. Presented by Richard Aldrich and Alfred De Liagre, Jr.*

An amiable, human and graciously genial little comedy, By Your Leave should delight the average theatregoer. It is steadily entertaining, and although the captious may remark that its humor sags slightly in the middle, drifting off into wistfulness, yet taken as a whole it is mighty good fun. A middle-aged suburban husband (Howard Lindsay), disturbed because he finds himself taking married life for granted, suggests to his loving wife (Dorothy Gish) that they take a week's vacation apart in New York, no questions asked when they return. As two ladies wrote this, you may expect that the fretful husband comes in for a good dose of disillusionment, while the wife achieves a romantic and joyous holiday with the help of an obliging Scotch explorer (Kenneth MacKenna). One of the most grandly funny scenes in town is that in a hotel bedroom in which the sheepish husband nervously tries to make merry with a young lady hired for the evening from an efficient social service, Lonesome, Inc. He isn't up to it, though, and before the week is out he is telephoning his wife and begging her to return. The cast play this light diversion in the best of spirits and seem to enjoy themselves as much as the audience does. I believe that you'll find By Your Leave an exhilarating tonic for that dull, tired feeling.

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Sing and Whistle *Comedy by Milton Herbert Gropper. Presented by Gropper & Truex*

Sing and Whistle is the sort of attenuated light comedy which only the author could regard with real affection; even Mr. Ernest Truex, associate producer and principal actor, must have examined the little thing with suspicion. But it requires only the one setting, an ounce of adultery, and four actors, so putting it on was a fair-enough gamble—recently there have been more expensive and far more feeble productions in the light comedy line. You might like it, quite mildly. Mr. Truex is, as usual, very good; and what tepid entertainment I derived from this opus was due solely to him. He even got me to a point where I was willing to forgive the author, against whom I hold nothing except his play, which has to deal with a timid little husband married to a jealous wife who suspects that he still regards fondly a former sweetheart; this lady turns up with her husband, a jealous writer, who suggests that to lay the ghost of old love affairs the couples should trade mates for a week. They do this for one night, with faintly amusing results. So far as I am concerned, they needn't have bothered.

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Buying Prosperity with Artificial Income

by Robert R. Doane

Can America buy her way back to prosperity? Mr. Doane, author of "Measurements of American Wealth," analyzes the bill for national recovery and discusses a method by which it can and must be met.

THE total cost of the New Deal, including contingent liabilities of the Federal Government and operations of the R. F. C., has been estimated by competent authorities to approximate a sum in excess of 16 billions of dollars.

This sum, in order that we may not overlook its true proportion, stands very close to one half the total productive income of all the people of the United States during the year just past.

When, to these emergency Federal outlays, you add an additional normal governmental-cost payment of 15 billions more, to cover all Federal, state, county, township, municipal, school district and other subdivision outlays, the full magnitude of our governmental spending program dawns with all of the startling suddenness of a sunrise in Mandalay. Thus, out of the twilight of our compound crisis, emerges Government—now the chief industry of our nation.

But, you say, from whence is to come all of these dollars with which to keep such an unprecedented governmental activity alive and in continuous operation? A sum which by far exceeds all of the individual squandering during the entire decade of wild Wall Street speculation.

And at the foot of this bill, covering our pro rata share of this new commitment of New Deal Consolidated First Preferred, are the old familiar words: *"Price subject to change without further notice."*

Now that we are engaged in the most speculative collective enterprise since 1776 we watch the tickers of the official indexes with no inconsiderable eagerness. The fact that we have received no quotation on NRA for several months, due to the suppression of the regular monthly summary of business conditions customarily given out by the Federal Reserve Board, may have caused some apprehension. Also the somewhat eccentric behavior of other statistical quotations has caused the conservative and more critical observers not a little alarm. Yet these things are to be expected. Ticker services have a way of breaking down.

When there has been a breakdown of the normal and essential functional forces of the economic community there is nowhere else for the people to turn, for orderly aid, but to their government. There is, therefore, little point in belittling the industry of government as it prosecutes its task as the collective agency of all the people. Nor would its present position have become so exaggerated in the public mind were it not for the frank acknowledgment of a crisis. The task of political endeavor has always consisted in attempting to perceive in what respect these normal functions and their commercial alliances may be, at the moment, most pressing—and then to strive until such equalization, or state of better balance, is attained. Until then, all other questions are suspended and kept in the background.

In order to stimulate such return to normal activity ways and means must be found, ways and means which it is too much to hope will prove satisfactory to everyone. As all such programs involve the expenditure of funds, ways must be found whereby they may be obtained, presumably by the most efficient methods, and at the least cost to the people. Here, as elsewhere, the utilization of credit falls most readily to hand.

The perfection of the intriguing system of State credit has always been looked upon by the political leader, the promoter, and the laboring classes as a blessing to mankind. Through State credit, as these people see it, a means has been provided whereby present costs may be divided among several generations. In other words the creation of these State credits, which are in reality debts, constitutes a bill which the present generation draws upon future generations. And by such procedure the things thus achieved may redound either to the special advantage of the present generation, or to the advantage of the future generation—or to the common advantage of both.

By such reasoning the present generation not only throws on to future generations the capital outlay of today's works, but further acts unjustly towards itself and to the true fundamental principles of the national economy, if it takes the burden or even any considerable part thereof upon its own shoulders. And thus the whole program, whatever it may be, becomes justified because of the necessity for the preservation, at all costs, of the continuity of national industry and general well-being.

There is only one thing wrong with this picture, and that

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is the relatively simple fact that, quite regardless of the varying points of view upon the advisability or inadvisability in the matter, the funds to be realized by such State credit operations can only come from out the productive income of the present. Unless we can secure them from abroad there can be no alternative. For contrary to the persistent popular point of view, we have never yet been able to reach into the past, nor into the future, for the current funds of today. There is no more formidable fact than this, that looms so large to confront the efforts of us all.

The State which borrows money for current purposes, whether such be emergent or normal, is representative of nothing more than collective over-consumption on a large scale. If there were no loans of current funds available, the government expenditures would simply be curtailed. The meeting of these outlays through increasing government borrowing unquestionably performs the function of increasing consumption, while at the same time it consequently reduces the real savings of the nation. The effect is exactly the same as over-consumption on the part of individuals. And by over-consumption we mean only that the savings or surplus income of others is being consumed.

It will also not be overlooked that an entire national economy's credit structure is both organic and dynamic. Organic in the sense that both institutional and instrumental agencies must be provided for the protection and conservation of individual capital reserves, and dynamic in the sense that the total volume of credit outstanding is flexible as it moves with the volume of goods and is therefore a fluid thing. (The popular conception has it that gold has hitherto served as the basis of credit. Yet gold has only served as the basis underlying the valuation of monetary currency, or the unit of common measure as applied in our reckoning of price values.) And that once these credits, out of current surplus funds, have been granted, the grantor has no further control over them. Even the government, as the agent for the distribution of such credits, is in the position—due to the exigencies of unfortunate bureaucratic administration—of a man driving a car at 60 miles an hour and applying his brakes that will not begin to act for 30 seconds. He would be a half-mile away before the brakes took effect.

The professional statesman thus constructs his performance in order that his manner, action, and speech may so confound the minds of the people that they miss the salient points of the trick (crisis) in a maze of detail. The setting of the odd figure 59.06, in lieu of an even 60 per cent, as our gold valuation, is a typical example of this procedure. Later reductions from this odd figure will not be so noticeable as from the glaring even one.

Also, through the enactment of the Securities Act and the Gold Act our free capital markets became stagnated and reduced to the vanishing point. Such financial strategy upon the part of the government well served its needs, as it could then come into the market for accumulated surplus capital with little or no competition in the money market.

Also our new devalued dollar automatically increases, in terms of the old higher gold valued dollar, our gold held in the Reserve Banks by about 2,780 million dollars. As this "profit" arises only as an incident of the government's monetary revaluation it is in no way the result of special services performed by the Reserve Banks and it is proper for such "profit" to go to the government as the agency representing the whole national economy. This policy, under currency devaluation, has been the customary procedure by all nations undergoing monetary reform since the World War. It has been followed by France, Belgium, Poland, Ecuador and Peru. Since this amount of gold is now held in the Treasury, varying amounts of from 6 to 16 billions of dollars in currency (depending upon the administration's determination as to the percentage of reserve) could be issued. On a twenty-five per cent reserve basis the full 16 billion could be realized.

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Now that we have considered where these funds may come from, and how they may be realized, we may turn to some other important considerations.

In order that we may penetrate any obscurities that may be for the moment surrounding the present situation a brief listing of the major factors may prove helpful.

To begin with the entire economic process involves nothing more than the transmutation or change of raw materials of more or less perishability into those goods of more durable and permanent form. The shoemaker, for illustration, takes ten pounds of cowhide, worth ten cents a pound, and by means of his labor and skill, in a period of time, converts this material into ten pairs of shoes worth, we will say, one dollar a pair. During the period that he was engaged in converting this raw material into the finished serviceable product he consumed a subsistence in the form of food, fuel and shelter. The food, fuel and cowhide that he consumed must represent the surplus production of agriculture, which has supplied him with these materials during the labor period necessary for their production.

What has been accomplished, in this instance, is that this labor-manufacturer has converted or transmuted ten pounds of cowhide, plus so many pounds of food and fuel, into ten pairs of shoes. It is by this simple process, multiplied many times over, that manufactures and commerce have come into being, and it has thus become the indispensable factor in supplying the surplus products of agriculture with their market. Out of this simple procedure has come the division of labor, the coöperation and consolidation of productive powers, of raw material resources, combined with the instrumental agencies of government and institutions which, in total, make up what is known as the national economy.

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Now, as to our mutual welfare during any given period of time, let us proceed to illustrate how all of this works out in practice. To begin with we know that public economy, national economy and private economy are, in reality, three different things, although, to be sure, the American electorate, as well as its leadership, has rarely ever distinguished the major points of difference. Also, money, income and purchasing power are three different things. Yet there are few who know, or care about distinguishing the vitally important elements which set them apart.

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It is a curious and tragic thing that the American citizen, who boasts so much of his country's boundless resources and abilities, who lets flow so much conversation upon public and private policies, who basks in his franchise and votes as he will, in matter of fact knows not nor cares the least regarding the elemental A.B.C.'s that underlie his well-being. He willingly pays out 5 billions of dollars per year on public and private education, and at the same time refuses to allow a textbook on political economy to be utilized if it bears the slightest evidence of containing a thought dating much beyond the War of 1812. Is there little wonder that such a citizenship, with its naive background, can be played upon by the latest racket—whether the point of emanation come from Wall Street, Washington, or some local baron of authority?

Yet these are the people: the mental and labor capital of our nation. (Capitalized at a little better than $16,000 per head in 1929, and less than $4,000 per head today.) Among them are the great middle class, the bulwark of the nation—one-time masters of their destiny. And now, no longer on top, but rather mixed in a marbled effect throughout this whole "devil's-food" structure, are the never-to-be-forgotten "stuffed shirts" of half a decade ago. Let us see what all of us have produced. Through the high visibility afforded by the balance sheet method, combined with our internal balance of payments, we may secure a somewhat clearer picture.

Let us take as a specific example a one-time flourishing community, Clinton County, Ohio, situated in the heart of the great Middle West, that has suffered an adverse trade balance almost continuously since 1924. Ten years of continuous economic retrogression—yet the people of this county bravely carry on. They promote, through their civic and commercial organizations, bridge tournaments, week-end turkey raffles, and import vaudeville entertainers to amuse their business leaders at their weekly meetings. The people of this community have to import from outside their boundary steel, cement, coal, lime, fertilizer, asphalt, hardware, agricultural equipment, motor cars, rubber tires, trucks, accessories, gasoline, motion pictures, clothing, shoes, jewelry, household utensils, furniture, sugar, tea, coffee, spices, most meat products, canned goods, tobacco, butter, cheese, fruits, gas, light and power, insurance, transportation, etc. And this county can only pay for these imported visibles and invisibles out of her annual exportable surplus of farm products and a bare modicum of small manufactures.

It has been suggested to the business leaders of this community that their local Chamber of Commerce might profitably undertake a basic and fundamental examination of the resources of their economy; that it might be well for them to know the actual total productive income realized within their boundaries annually; that they study the nature of their public and private debt structure; that they study the distribution of the annual disposal of their income, and thus gain insight into the total purchasing power generated *internally*. Also that a knowledge of the total volume of outgoing and incoming payments, in relation to other factors, would be of great aid in the development of intelligent programs for local economic procedure.

Now all of the above represents no new economic concept. As a matter of fact it is one of the oldest of practical formulas employed by successful communities the world over, and is of the greatest practical value for those leaders who are entrusted with the framing of local economic policy in general and principles of tax assessment in particular. Every county in every state is, in fact, a separate economic unit. And especially is it of importance to keep this in mind during a period dominated by Federal government activity. The same economic distinction obtains among the several states of the Union. The tax burden of each unit depends wholly on the economic ability of the people of that unit, in the aggregate, to support it.

We may talk about "economic nationalism" and "America self-contained," autarchy may prevail in Washington, but the all-important domestic balance of payments continues to dominate. And it is here that there will be found the real secret to our economic dead-lock. Each individual county, state and trading region must be able to bring within its borders, from the export sale of its products, receipts sufficient to pay for the goods which it imports from outside its borders. When a state or county fails to meet this requirement its first credit line, as composed of deposits in the bank, start to go over its borders in payment of the debit balance. The first warning is the importation from other places of borrowed money to sustain its banks. Thus "Balance of Trade" definitely determines the well-being of the county as well as the state. And within the national economy these internal balances are of far greater importance than is the entire nation's foreign trade balance.

Yet this particular community, not unlike many others, displays no interest in drawing up such a balance sheet. The leaders are bankers and real estate men. The prosecution of their business chiefly involves the use of the instrumentality of debt. Their own fortunes have been largely built upon the unstable structure of debt: debts arising as the result of the annual adverse balance of payments; debts due chiefly to a chronic unbalanced internal industry—a balance forever winding inward until someday the resources can no longer stand the strain.

Now all of the above is but illustrative of typical conditions prevailing throughout thousands of communities in the land. It is anything other than a sound condition. It is not industry—it is debauchery.

A similar trade balance sheet was drawn up, in part, for the State of North Carolina for the year 1930. An adverse balance approximating 350 million dollars was found to exist. In 1930 North Carolina's cash food products brought in 162 million dollars. The year previous the state had imported a large amount of borrowed money for its own use and the use of its political subdivisions. From 1912 to 1930 the indebtedness of this state had increased from 50 to 505 million dollars. Money thus borrowed came from the Joint Stock and Federal Land Banks; and outside insurance companies provided 60 millions in mortgage loans. In addition North Carolina banks had borrowed heavily from the Federal Reserve System. Three-fourths of this imported money came into the state within the ten-year period 1920-1930. Meanwhile the state and its subdivisions were exporting some thirty-seven per cent of all taxes collected to pay for this public debt service alone.

Had a balance sheet of North Carolina been drawn twenty years earlier—and kept up year by year—the taxing bodies of this state, its counties, towns, highway, drainage and educational divisions together with its business leaders would have had a yardstick of real assistance for the

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building of a more sound and better balanced community.

It must be said, however, in all fairness to the great State of North Carolina that in its pride it has committed no more serious an economic offense than a great majority of our states, their local subdivisions, or than our Federal government has done. Yet North Carolina will now do what Great Britain, France, Germany, Italy, Belgium and other European countries are endeavoring to do—she must balance her expenditures outside her boundaries by the volume of goods she can ship out to meet them in terms of current values of exchange.

On the other hand, the outstanding example of a well-balanced-self-contained economy, the balance of payments of the State of Wisconsin cannot be left out of account. For the year 1929 this state disclosed a net favorable balance in excess of 100 million dollars. The Wisconsin report, the most comprehensive and complete of its kind, emphasizes the point that they had a large enough government in the year 1918, and that even in the face of their large favorable internal balances the economic life of its people cannot sustain a burden heavier than that of 1918.

Here, then, have been given outstanding examples of how the prosperity of communities depends, in the last analysis, upon the income which their population may derive from the intelligent manipulation of the resources and instrumental powers at their disposal. Only when we see clearly the nature of the outgoing and incoming flow of payments do we perceive that it is in the very nature of this flow and counter-flow of goods and services upon which we must depend for our balance between debits and credits—for our ultimate creation of a balanced economy.

Throughout the entire history of our country it has always been that when farm prices fall to, or below, the cost of production, the savings of years of the farmer then go out to other communities where a better diversification of industry and agriculture prevails.

There is at this time the very real danger that such unbalanced communities, still operating under the illusion of securing "free" income from the Federal government's gigantic emergency fund, will in no way put into practice these basic and fundamental methods of sane economic procedure. It is truly an amazing phenomenon! And, sadly, it represents not the phenomena of collective courage, but rather the more costly phenomena of internal social and economic decay.

Due to the very nature of America's political union, with a free flow of goods between states, the development of strong, internal, state commercial policy has rarely been considered as an essential ingredient in our local domestic economic affairs. We have been content to view ourselves as one indivisible republic of merchants and farmers, and have developed our resources along the lines of what we like to call the "natural course of things." As a result, the horizontal formation of large economic interests found little resistance in their development.

But the swift introduction of government into the economic framework cannot avoid this inevitable dual encounter with these submerged, though real, internal local balances on the one hand, and the equally entrenched channels of industrial activities that cut straight through all boundaries. They cannot feed one without the other. They cannot ignore the petitions of either. They may confound the issue through the introduction of a third classification, that is, into groups of *employers, laborers* and *consumers,* and thus strive for a tri-partite organization or coalition of these instrumental and productive powers. By such oversimplification of the more realistic underlying problems they may quite easily succeed in distributing tremendous sums of treasury notes, and we will unquestionably be afforded, for a time, all of the appearances of prosperity. But upon this rock of inter-community balances, demanding its ceaseless influx of live capital after dead, the present architecture of the New Deal's House of Cards bids fair to be blown away completely.

That such could be the outcome is tragic, yet the very compound fracture with which our economy is now suffering has itself demanded that the State intervene in a vigorous attempt to effect a continental-wide coalition of our *industrial, commercial* and *agricultural* productive powers. But in order that the State succeed in creating such a harmonious confederation of interests, and at the same time take into consideration these inter-community balances with their insistent demand for a better distribution of the productive-exchange forces, it will be forced to insist upon what practically amounts to a complete remodeling and reorganization of at least one of these three major divisions of the new coalition. And that *one* is, of course, our present industrial structure. And this despite the fact that the present administrative strategy does not altogether indicate that such is so.

From the immediate practical point of view what matters most now is not whether the government will be able to get all of this money, or who is going to pay for it, but *how* the government is going to spend it and with what degree of continuity. Of course, the government will be able to secure the essential funds, there need be no fear of that. And the ultimate consumer will finally pay the bill, so we need not worry about that either. The outstanding large fact is that we are in for a vast government spending orgy. The quicker it is started and gotten over the better.

The point that should be clearly grasped by all is that the thousands of suffering communities should be getting their houses in order and prepare more sound and enduring self-sustaining commercial policies—otherwise no amount of outside aid can ever do more than offer temporary respite.

In the last analysis, the income which a population derives from the wealth it possesses not only determines its expenditures but conditions them. And it is this very income—in its disposal—that gives to wealth its value. As capital moves back and forth across the invisible frontiers of America, so move the fortunes and contentment of the American people. Thus a clear-headed knowledge of this total income, its origin, its character, its functional attributes and its ultimate disposal, becomes of vital public as well as private importance.

In response to Senate Resolution Number 220, of the 72nd Congress (June, 1932)—after 143 years of its constitutional existence—the Department of Commerce was instructed to prepare estimates of the total national income. On January 21, 1934, these estimates were released with the accompanying statement: "the completion of the income study for the United States marks a new step forward in our comprehension of our economic machinery and processes . . . these estimates are therefore of basic importance to the development of programs of taxation of industries and of individuals, and are fundamental to the

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planning of broad economic readjustments, as well as of orderly development within industries."

And with these words were released the most novel set of income figures it has ever been the privilege of a great economy to contemplate. A set of bi-focal statistically tinted spectacles with which we are to comprehend our economic processes and develop our program.

These new estimates are particularly noteworthy because of the distinction given between their two classifications of *income produced* and *income distributed*. And also because of the introduction of the socialistic concept that income can be "absorbed," or "stored" during one period and released during later periods of time.

In summarizing the two classifications, from the Department's report, we find the following changes:

(All figures in millions of dollars.)

Years	Income Produced	Income Paid out	Income distributed in excess of income produced
1930	70,484	75,438	4,955
1931	54,652	63,289	8,639
1932	38,349	48,952	10,603

Thus with each successive year witnessing an increasing ability to distribute an ever larger proportion of our total income (over that which we have been able to produce) we should undoubtedly, at this magic rate, be able to *distribute* the entire national income, in monetary terms, by 1936 without going to the trouble of *producing* any income at all.

The social and economic implications of this phenomenon are fascinating even though they can hardly escape the appearance of the fantastic. One wonders that this extraordinary performance has not attracted more public attention. Nor are such comment or deductions as may be gathered to be lightly regarded as supercilious. The catastrophic economic consequences which might follow the full acceptance, without considerable reservations, of this report are deserving of the utmost public and official attention.

Here we have artificial attributes given to incomes which are of the most dangerous social character. Attributes which are based solely upon a defective understanding of the real processes inherent in the monetary exchange economy.

In a bulletin released by the organization that actually made the income estimates, the following statement is made: "A manufacturing corporation whose net product (gross minus cost of materials . . .) amounts to $1,000,000 may pay out $900,000 in wages, salaries, rents, royalties, dividends and interest and retain $100,000 as net corporate savings, or, on the contrary (as happened in 1930 and later years), it may pay out a sum in excess of its net product, thus sustaining a net loss. Similarly, a proprietor of an unincorporated establishment, for example, a retail store, may withdraw, as his income, an amount larger or smaller than his net product, thus incurring a net loss or saving. In general, the difference between national income produced and national income paid out is that the former does, and the latter does not, include net savings or losses by business establishments."

Now all of this procedure, and the method of accounting growing out of it, is from the *private* point of view, or an outgrowth of the application of the theory of *private economy* practices as distinguished from the more complex and complete *public* and *national economy*. Yet when we are concerned with totality, or the complete national economy, a quite different procedure in accounting comes into being. In other words, a far more intricate system becomes essential, which involves a complete tracing of all transactions. All that really occurs when a producer finds it necessary to liquidate a part of his surplus is a *shifting* of these values in exchange, with the monetary amount thus realized coming out of the current income flow of the period. Nothing whatsoever happens to change the totality of income, unless there has been a corresponding increase in credit or a realization of an equivalent amount from outside our national borders. Yet during the period under review there occcurred no such increases in either of these two sources.

It is not difficult to keep in mind that the total monetary income produced in a national economy, plus the total income received from outside its borders, represents all the monetary income the economy has at its disposal at any given time. Also that previously accumulated assets and surpluses, although viewed privately as "stored" for future contingencies, can only actually be realized out of the current total income of each period.

It was upon such a barge of fallacious accounting legerdemain that we smashed up in 1929. Are we again to launch out upon so frail a craft?

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Men of The Third Chamber

By William E. Berchtold

The fire of Congressional investigation and the NIRA are responsible for significant changes in the character and methods of lobbying. Their function and purpose has been designated as that of a Third Chamber. The personalities of the leaders and members of the Washington lobby are here presented.

THE National Recovery Administration has provided a code for buttons, another for buttonhole-makers, but none for buttonholers. This is open season for buttonholing in the national capital and it is about the only trade not under some form of code, or government regulation. However, the ancient art is undergoing significant changes and major refinements. It is almost as difficult to find a "lobbyist" in Washington these days as it is to find a Democrat who was not on the Roosevelt bandwagon before Chicago. The NRA waved the magical wand which transformed a legion of lobbyists for labor, industry and other functional interests into Ambassadors of Labor, Industry, Agriculture, etc. Most congressmen and department chiefs will testify, however, that the new dignity acquired by the "Ambassadors" is only slightly less devastating to their fraying buttonholes.

The technique of lobbying has undergone an evolutionary change in half a century, and developments of the last ten months under the NRA point to further refinements which may give official status to representatives of recognized functional groups interested in the legislative and administrative acts of the government. Lobbying and lobbyists seldom attract public attention unless an harassed congressman (usually thwarted by a Lobby from passing some "pet" act and often speaking for the benefit of the *"Congressional Record"* and the folks back in Peachfork) opens oratorical guns on some group representing the "interests." The results of such "wars on lobbying" provide columns of newspaper publicity on congressional investigations which unravel stories of real, or fancied, intrigue against the "public interest."

Congress provided its best fireworks displays in 1907, 1913 and 1928, but none of those investigations could hold a candle to the long-forgotten activities of the Yazoo Land companies which bribed an entire legislature in 1795 and employed the Postmaster General of the United States as a congressional lobbyist in 1805. It would be difficult to turn up anything in Washington today quite as spectacular as the exploits of Sam Ward, "King of the Lobby" for two decades during and after the Civil War, or Pendleton's "Palace of Fortune" on Pennsylvania Avenue, where bribes passed freely between favor-seekers and politicians through the guise of winning at cards. Things are not done so crudely in 1934, and even individuals or organizations which might have no moral scruples against exchanging money for favors have learned that "votes" and "public opinion" are far more important specie than mere gold.

It is obvious that Congress cannot legislate in a vacuum. It is just as clear that the individual is but a voice crying in the wilderness unless he acts with those whose interests he thinks are kindred to his own. The idealized notion that senators and representatives could be elected for several years on platforms and issues (which are at best disingenuous) and could keep in touch with the "interests" of their constituencies on the thousands of decisions which they must make while in office, went by the boards in actual practice long ago. As a solution of this hard, practical problem of government, there have arisen the Lobbies—as associations of such individuals having common interests as laborers, industrialists, farmers, utility magnates, veterans, pacifists, etc. The Lobby takes its place today alongside the constitutionally created chambers of Congress: the Senate and the House of Representatives. The Lobby is, in reality, the Third Chamber. It has become as much a part of the American system of government as the party system, although neither lobbies nor parties were recognized by the framers of the Constitution. Both are extra-constitutional organs and both have drawn their share of fire as the result of abuses. Most of the new constitutions of Europe, drawn up since the close of the World War, have made frank provision for the counterpart of the lobby by setting up machinery for *functional* representation as well as *geographical* representation in the new republics. The practical results achieved through the legally constituted functional bodies abroad (where they have not been obliterated through the rise of dictatorships) have been no greater than those of the extra-constitutional Third Chamber in America.

If it were possible to know and evaluate the relative strength of the multitudinous cross-currents of economic self-interest affecting the legislative and administrative branches of the government at any one time, the result would coincide fairly well with what might be expected in the form of legislation and administrative action from the constitutionally created branches of the government. Some of the most alert newspapermen have recognized the importance of this factor in the Washington picture, and have built up confidences with trusted members of the Third Chamber who are in a position to aid in evaluating the real factors which provide insight into the most probable courses of legislation. For instance, consideration of a new tariff results in the cross-fire of hundreds of economically self-interested groups. The relative strength of these groups is the major factor in determining the character of the schedules finally enacted into law. It is no

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exaggeration to say that Congress has not legislated on the tariff since the Civil War. It has merely affirmed or ratified the decrees of the beneficiaries of the tariff. This does not necessarily imply dishonesty, disregard of the elusive "public interest," or unsavory practices arising from the oligarchal power of an articulate minority, although there is plenty of evidence for the existence of all three in tariff-making procedure of the last half century.

The rise of the trade association movement since the World War, when governments became more conscious of the need for expert advice and coöperation from economic groups, brought a new element into the membership of the Third Chamber. Some industries built up organizations which have waxed strong in the rapid accretion of power; others have been little more than bread-and-butter leagues whose chief purpose has been the support of their officers. The call for codes under the National Recovery Act proved a renewed stimulus to both types, but it remains to be seen whether NRA—if it is given permanence—will prove a boon to trade associations as at present constituted, or will undermine their influence through the creation of numerous *vertical* organizations in place of the broader *horizontal* structures on which the most powerful groups have been built. There are evidences of conflict between the new code authorities and the old trade associations in an increasingly large number of industries, a result of members, unwilling to pay dues and assessments to parallel organizations—dropping out of their horizontally constructed trade associations.

The *blocs* in the Third Chamber, like those in the Senate and House of Representatives, are seldom more powerful than the vitality of the men who compose them and give them leadership. It is important, therefore, to know something about the *men* who actively represent the hundreds of functional groups interested in the legislative and administrative acts of the government, their methods of getting results, their active interests in the present session of Congress and their relative effectiveness as measured by past performances. Although you may not find their names in your morning newspaper, their places in our modern machinery of government are of first-ranking importance. They are the Men of the Third Chamber:

COLONEL JOHN THOMAS TAYLOR (*For the American Legion*). He is No. 1 man among lobbyists in Washington today. His effective direction of the war veteran's siege of Capitol Hill stands out above all other lobbying feats of the last decade. Thick-set, heavy-jawed, direct in speech, he knows what he wants, how to get it, and—often when things look darkest—gets it. He saves legislators' time, writes his own bills, hands them to key men among the 104 Legionnaires now in the House and fourteen now in the Senate. Never befuddled by lengthy, well-meaning resolutions passed by Legion members in convention, or the announced public policies of the Legion, Taylor whittles out a legislative program which he thinks the Legion ought to have, then proceeds to push it through. He leaves patriotic speeches and public statements to the press in the hands of National Commander Edward A. Hayes, but Commanders come and go each year while the Vice-Chairman of the Legislative Committee remains. Although the Legion represents less than one per cent of the population, the nation's 4,000,000 war veterans account for 10 per cent of the active electorate. A Legionnaire less ardent than Taylor would have been stalemated in 1919 when the Legion constitution included a statement of the organization's "non-political" purpose and the St. Louis caucus voted against a soldier's bonus. Taylor, who learned practical politics as an undercover man for Boies Penrose, recognized what was best for the Legion, what it could get, and proceeded to get it. The Adjusted Compensation Act passed May 19, 1924, over the veto of President Coolidge. Even earlier, the organization's Manual was able to boast: "The Legion has extracted from Congress in one year more than the Yanks of '61 and '65 were able to get in more than thirty years and more than the Spanish American veterans in the first ten years." Taylor's efforts have proved the life-blood of the Legion; from 1919 to 1933 the veterans cost the government $5,500,000,000. One out of every four dollars that were spent by Uncle Sam slipped into a veteran's pocket.

Taylor's chief task during this session has been to keep ambitious, well-meaning congressmen (seeking the Legion vote) from clogging the legislative hopper with veterans' bills, thereby confusing the importance of his own clean-cut, four-point, $75,000,000 program: (1) return to the veteran what he was getting before the Economy Act was passed; (2) include "presumptives" except in cases of fraud; (3) hospitalize veterans unable to pay for services; and (4) give widows and orphans of veterans same treatment as soldiers of other wars. Coupled with the veterans' program is a demand for a treaty-strength Navy, an Army up to strength of the 1921 Act and universal draft legislation. No Congressman ever needs to be in the dark on the legislative wants of the Legion. Taylor, chewing a cigar and yelling into his 'phone, spends hours in a recital of his terse, clearly stated program. He has turned his training as a lawyer, soldier and practical politician to the Legion's ends with an effectiveness which commands the awe of other Washington lobbyists. Trained for law in his native Philadelphia and in London, he left a six-year Washington law practice to enlist on the day war was declared, served seventeen months overseas in the Oise-Aisne, Aisne-Marne and Argonne offensives and the Verdun defensive. With thirteen decorations, he returned to help organize the Legion in 1919, and with his former law partner, Thomas W. Miller, took up the Legion's legislative battles in Washington. When Harding appointed Miller Alien Property Custodian, Taylor (now a lieutenant colonel in reserves) carried on alone. Miller was convicted of conspiracy to defraud the government in 1927. Taylor, in the meantime, had turned the Legion from a loosely knit good-fellowship club into a major factor in national affairs. Whether the Legion today is as strong a political force as it pretends may be open to question, but the important thing is that Congress thinks it is strong. If a congressman doubts its strength, Colonel Taylor will oblige by laying down a "barrage" of telegrams from constituents over night. Considering the effectiveness of his work, his salary appears to be small: $6,000 a year and "traveling expenses." If the present actuarial figures are correct his job will last until the year 2040.

CHESTER LEASURE (*For the Chamber of Commerce of the United States*). Burdened with the ponderous title of "Manager of the Resolutions and Referenda Department," this quick acting former

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Kansas newspaperman is the National Chamber's "man on Capitol Hill." Although somewhat fettered from concrete direct action by the Chamber's cumbersome machinery for determining policies, Leasure draws on the "policy reservoir" built up since 1912 to tell Congress "what Business thinks" of important legislation up for consideration. Seventy-five per cent of the policies to which the Chamber has been committed, either through sixty-five elaborate referenda submitted to the membership, or through some 600 resolutions passed at annual meetings, have been made effective through congressional legislation or regulations promulgated by Federal departments. The Chamber never backs a specific bill, always presents its "views" as drawn from the policy reservoir. Its internal machinery, designed to give absolute representation to the 500 trade associations and 1,400 local chambers of commerce in its membership, is so complicated that a few ardent Business Leaders could short-circuit it and effectively present their notions as the policies of Business. Chief policy developer is Executive Manager John M. Redpath. Public spokesman for the Chamber is Henry Ingraham Harriman, its president, who made his fortune as a New England utility magnate and likes to be considered as the leader of the "new school of American business statesmen." To the National Chamber must be credited the idea for the NRA (without the detested collective bargaining and licensing clauses), because "self-rule" in industry, suspension of the anti-trust laws, and authority for trade associations to fix prices, limit production and regulate trade practices have been part of the Chamber's gospel since its foundation at the suggestion of President Taft in 1912. The NRA was the Chamber's salvation in defeating the Black Thirty-Hour bill in the Senate and the Connery Minimum Wage bill in the House during the hectic days of April, 1933. Nothing would please the National Chamber better than to have NRA, purged of its objectionable features, turned over to it when the Recovery Act expires. Out of the NRA may come the long-hoped-for "self-government of industry" which would make Industrial Ambassadors of trade association secretaries, with permanent official status as advisers to government departments and Congress on economic questions. Harriman enjoys the privileges of direct access to President Roosevelt at the White House, just across Lafayette Square from the National Chamber's $3,000,000 Greek temple; and the President frequently calls on Business Statesman Harriman for his advice.

WILLIAM GREEN (*For the American Federation of Labor*). The plain, plodding, prosaic chief of labor's forces suffers by comparison with his belligerent, booming predecessor Samuel Gompers. Content to accept the capitalistic system and fight for a bigger share of capital's earnings in labor's behalf, Green hates socialists and communists worse than he does capitalists. If the NRA looked like a key to the promised land for the Chamber of Commerce of the United States, it loomed up like a welcome straw to a drowning man in the eyes of President Green. The two little words, "collective bargaining," inserted in the NRA by the Ways and Means Committee at Green's suggestion, have made him feel that the American Federation of Labor is now a part of the Government. The Federation's membership had dropped below the 2,000,000 mark, the lowest point since the war, and labor's power was slowly ebbing away. The collective bargaining features of NRA, interpreted by the A. F. of L. as a mandate to trade unionism, has sent its membership skyrocketing to 3,900,000 with 10,000,000 its goal. Labor now has its own men on the inside of NRA: Edward F. McGrady, Washington lobbyist for the Federation, is Assistant Administrator for Labor; Donald R. Richberg, lobbyist for the Railroad Brotherhoods, is Chief Counsel; Dr. Leo Wolman is chairman of the Labor Advisory Board, while Green and a half dozen other labor leaders are on the board. Green's present battle: to hold ground gained and insist on "clarification" of collective bargaining provisions to make certain that the Federation's present *horizontal* structure is not undermined by a *vertical* organization of labor into crafts and guilds to fit NRA's present set-up. Green has demonstrated that he learned a few tricks as a politician since the day when he drew a public rebuke from President Hoover for demanding the appointment of a Federation "card" man in place of the late William Nuckles Doak as Secretary of Labor. His handling of President Roosevelt's appointment of Secretary Perkins was more delicate, for—although he opposed the Perkins appointment—he succeeded in getting the Federation's lobbyist, McGrady, appointed Assistant Secretary of Labor. The Federation, established in 1886, inaugurated its lobbying policy in 1906 with an open declaration delivered to the President of the Senate and the Speaker of the House, threatening that if Congress did not heed the Federation's demands it would "appeal to the conscience and support of fellow citizens." It now goes out for the election of legislators and openly influences appointments to key places on important committees, thus insuring a favorable audience in Congress for labor's champion.

JOHN LLEWELLYN LEWIS (*For the United Mine Workers of America*). Big-chested, Bible-quoting, bushy-haired Lewis is the man who pushed Green, then an obscure secretary-treasurer of the Ohio United Mine Workers, into the presidency of the American Federation upon the sudden death of Gompers in 1924, to keep Matthew Woll, Gompers' lieutenant, from getting the job. Lewis, an aggressive, fearless champion of labor, is still the man behind the Federation throne. He might have it for himself, but prefers to elect Green year after year. His voice is no whisper in the halls of the Third Chamber.

CHESTER H. GRAY (*For the American Farm Bureau Federation*). Stubborn, rocky soil, muddy roads and hog cholera all had their part in turning Farmer Gray from the Ozark Hills of Missouri into an articulate Washington representative of 1,000,000 farm families. The Federation carries a million on its rolls, although its books show that only 163,246 paid their fifty-cent fee to the national office last year. But all that will be remedied when Gray is able to put the farmers in possession of the "Honest Dollar" through inflation. A progressive farmer, Gray was the first in his neighborhood to use a tractor, the first to use serum to combat hog cholera, and organized his county Farm Bureau to get something done about the roads. His genius for organization made him a ringleader in formation of the American Farm Bureau Federation in 1919 and one of the organization's four incorporators. He has been making Congress "farm-minded" ever since. The first

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farm bloc was organized May 9, 1921, when a group of Senators and Representatives met in the Washington offices of the Federation. Result: "more legislation for agriculture was passed by Congress in 1921 than in all sessions of Congress preceding." The Federation has had a hand, through filing briefs, giving testimony, or mobilizing votes, in more than 300 pieces of legislation affecting agriculture in a decade. While the organization is glib about its part in the Roosevelt program in all publications sent to members, the AAA and other farm aids of the Roosevelt Administration have outdistanced Mr. Gray and the Federation. It's about all they can do to run along behind and shout, (ventriloquist fashion) a suggestion to Secretary Wallace or Brain Truster Tugwell and make it sound like the order came from up ahead. When things slow down to normal, the Federation should again become a power if the 163,246 paying farmers have not disappeared. The Legion's Colonel Taylor would not be apt to let anything so naive as this get into one of his circulars: "In the simplest terms, it can be accurately said that the policies of the American Farm Bureau Federation . . . are determined by the individual farm family within the farm home."

LOUIS J. TABER (*For the National Grange*). No album of farm lobbyists' portraits would be complete without the dignified, silver-haired, horn-rim-spectacled Master of the National Grange of Patrons of Husbandry. Started in 1867 as a fraternal order for farmers, the National Grange —and for many years its astute Master —has been a power in farm legislation. His lieutenant on the Hill is Fred Brenchman, second only to the Farm Bureau's Gray as a zealous farm legislation champion. They work together on most important issues.

JAMES AUGUSTAN EMERY (*For the National Association of Manufacturers*). "I am the Public." It was John "Bugs" Baer as a cartoonist who placed those words in the mouth of the tall, goateed "dean" of the Third Chamber, but they have a place in a more serious characterization of the man who has spent twenty-five years in Washington as legislative counsel for 50,000 manufacturers from forty states interested in the legislative and administrative acts of the Government. Emery's own philosophy: "It is our duty to help Congress on matters of public policy by placing facts before it. Nothing can hurt us that benefits the public. Nothing can benefit the public that hurts us. The committees of Congress are the cradle or graveyard of legislation; the place to present facts is in committee. Back of this should be a strong body of public opinion. Our members should know and contact their representatives in Congress and advise them on public policy." Baer's original cartoon, caricaturing Emery before a mirror admiring himself in the stolen, ill-fitting clothes of John Public, now hangs on the walls of Emery's Washington office, along with a portrait of his old friend Uncle Joe Cannon, two fine Lincoln portraits and an autographed photograph of Mussolini. Emery, who might easily pass for a dignified college professor, has been a familiar figure before congressional committees during every session since 1908.

He openly opposed the licensing clause in NRA before the Senate Finance Committee and succeeded in having it left out, only to have the clause reinstated on a one-year basis from the floor of the Senate. He urged inclusion of a provision for control over imports; won its adoption. He was the most articulate opponent of Section 7-a, "collective bargaining," clause. Emery and his association have championed the company union, opposed trade unionism at every turn. As a young lawyer with a degree from Santa Clara College, Emery won his spurs by breaking up San Francisco's "milk ring" soon after the turn of the century, later turned his guns on San Francisco's "union rackets," and thereby attracted attention of eastern manufacturers who hired him as special counsel for NAM. His proudest achievement: the substitution of workmen's compensation for employers' liability as a part of our national industrial philosophy. When President Wilson appointed the Federal Commission on Industrial Relations in 1913, Emery moved across the country ahead of the commission, organized and coached the manufacturers, with the result that the Commission's thirteen-volume report—hailed as a bible of safety in industry—bears the indelible imprint of "Jim" Emery's hand. The Federal Trade Commission was set up largely through NAM's efforts to provide "a flexible, impartial, semi-judicial, non-partisan commission independent of political control," but Emery is not so proud of his brain child now, hamstrung as it has been by Congress. It is now twenty years since the NAM hit Page 1 with its big "lobbying scandal" story. Emery was returning from Europe in 1913 when headlines told him of the disclosures of Martin Mulhall, erstwhile legislative agent of the association, and his $1,500,000 lobby. To Emery, Mulhall placed Baron Munchausen in the shade. It is not likely that Emery will permit his private or public correspondence to turn up such neat tid-bits for public consumption as did the famous Mulhall investigation. Emery's promising understudy is John C. Gall, who has handled NRA code matters in which NAM is interested.

CHARL ORMOND WILLIAMS (*For the National Education Association*). As lobbyist for the little red school house, her title of "Director of Field Service" is a bit fussy. Formerly superintendent of schools in Shelby County, Tenn., vice-chairman of the Democratic National Committee, and a past-president of the National Education Association, Miss Williams leans heavily on the American Legion and American Federation of Labor for effective direct support. The association's chief efforts are centered around "educational material" planted in newspaper editorials, service club speeches, etc., through the efforts of Joy Elmer Morgan, erstwhile Nebraska school teacher, superintendent and librarian. The association's Legislative Commission is seeking direct relief from Congress to aid 100,000 children who are destined to be without a day of schooling this year. The NEA has a direct membership of 200,000 educators, an indirect roll of 800,000 through affiliated state associations, and utilizes the parent-teacher movement with its 2,000,000 members. While the prayer meeting staged by unpaid Savannah school teachers would not appeal to NEA as the most effective *modus operandi,* the association itself lacks driving force. President Jessie Gray's statement in one of NEA's publications is typical of this puerility: "I think of this great association as a treasure chest and the amount of that treasure is not what we take out for ourselves, but what we

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put into the chest as riches to spend for others."

PYKE JOHNSON (*For the National Automobile Chamber of Commerce*). Like many another top-notcher in the Third Chamber, he is unlisted in "Who's Who." The kind of self-effacing ex-newspaperman who prefers to let his titular chiefs wear the medals while he does the work, Johnson has been king-pin in every legislative movement affecting the motor industry in fifteen years. He considers his job one of "industrial reporting," puts the task of appearing before congressional committees and administrative departments up to the motor executives themselves. From a background as copy boy, sports editor and night editor on Denver newspapers and a turn at publicity for the "Good Roads Movement" in Colorado, Johnson was projected into the task of handling publicity for the Automobile Chamber in Washington at the close of the World War. His one-month job grew to six months, then resulted in his heading up the Chamber's Washington office when headquarters were moved back to New York. Johnson's main task: get the war taxes on automobiles repealed and start the "Good Roads Movement" to rolling faster. In 1919, Congress approved $200,000,000 for roads to aid unemployment. The Federal Aid Act of 1921 provided the groundwork for spending $1,500,000,000 for roads in a decade. The war taxes were repealed in 1926. The industry faces another siege of "discriminatory" taxation with Federal taxes for the past year mounting to $267,000,000. Promotion of the good roads program now runs itself automatically, with PWA funds assuring $400,000,000 for highway projects, and Johnson's close friend, Thomas H. MacDonald, Chief of the Bureau of Public Roads, as a redoubtable roads champion. NRA flung Johnson into the midst of twenty-six codes directly affecting the automobile and highway industry and fifty-three others indirectly bearing on the industry's operations. He is chairman of the Trade Association Executives' Advisory Committee on NRA, an unofficial group of twenty-five working with NRA officials to "give them industry's viewpoint." Johnson is typical of a new school of men within the Third Chamber who are doing a first-rate job for their industries.

ABNER CHAMBERS OLIPHANT (*For the Edison Electric Institute*). Since the electric light and power industry took the veil and contracted its notorious National Electric Light Association into Edison Electric Institute, Oliphant serves as Washington agent with the status of a glorified messenger boy. He keeps an ear to the ground, reports ominous rumblings to Managing Director Bernard F. Weadock in New York, but has no authority to represent the industry directly on legislative matters. Rumblings now disturbing the industry: increased Federal construction and financing of electric power facilities in direct competition with private industry, plus a mounting tax burden which claims forty-six cents out of every dollar received from domestic consumers for Federal, state and local levies. Its hope for relief lies in utilizing NRA's fair competition clauses to stem the tide of Government operation. Oliphant's bridled authority stands in striking contrast to the formidable $1,000,000-a-year lobby formerly maintained jointly by NELA, American Gas Association, and the American Electric Railway Association, to oppose government ownership of utilities. The lobby's galaxy of "trained seals" included ex-ambassadors, ex-senators, university professors, and Hoover-aides, all preaching the gospel that government ownership is the masked advance agent of communism. Oliphant was consulting engineer to the high-powered lobby from 1928 to 1931. The reformed Edison Electric Institute has opened up by swinging the pendulum to the opposite extreme. The individual utility companies still retain their own direct representative in Washington in most cases.

BISHOP JAMES CANNON, Jr. (*For the Methodist Episcopal Church South*). His 500 to 1,000 word statements on prohibition and morals, fussily delivered in person with admonitions against editing, were once "must" copy for transmission over press association wires at the behest of a carefully mobilized dry press. Today his mumblings about a "new constitutional amendment to give Congress the right to regulate or prohibit liquor traffic" are cramped into last paragraphs where they easily fall victim to copy readers' whims. The Bishop is down, but he doesn't suspect yet that he's out.

DR. CLARENCE TRUE WILSON (*For the Methodist Board of Temperance, Prohibition and Morals*). The goateed general secretary of the Methodist Board, who erected the Methodist Building in Washington as headquarters for the temperance forces, is still quite active, but much after the fashion of the little boy plugging up flood-tide holes in the dyke with his thumb. He is the most respected champion of prohibition in a year when prohibition is not a very popular notion.

MILTON CONOVER (*For the National Temperance and Prohibition Council*). Yale professor and one-time aspirant to former Senator Bingham's seat, he is the new, clean shirt-front for the dry forces realigned by uniting thirty-three national dry organizations. Conover, elected president of the Council on the day Congress convened, called a meeting for March to draw up a program designed to retain prohibition in states not already gone wet. Allied with him are: Mrs. Ella A. Boole, Canon Sheaf Chase, Dr. Edwin C. Dinwiddie, F. Scott McBride and other dry lobbyists. Best guess on who will be Professor Conover's active lieutenant on the Hill: E. B. Dunford, attorney for the Anti-Saloon League.

F. SCOTT McBRIDE (*For the Anti-Saloon League*). As superintendent of the League, he has never reached the heights of his late, great predecessor, Wayne B. Wheeler, who ruled both houses of Congress with an iron hand. The League still holds a whip-hand in some states, but its power in Congress has dwindled to its lowest point. McBride is now girding for a new battle, confident that a new Liquor Lobby will supply him with choice material to wage a renewed fight. In the meantime, old lines are being held taut in dry states. McBride, a protege of Wheeler's, could do no better than review the old master's technique, for Wheeler has left behind him the most complete manual on the methods of effective lobbying yet written.

JAMES M. DORAN (*For the Distilled Spirits Institute*). An expert chemist whose scrupulous steward-

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ship of the offices of Commissioner of Prohibition (1927-30) and Commissioner of Industrial Alcohol (1930-33) led everyone to believe that he was an ardent dry until he turned up as manager of the distilling industry's trade association upon the advent of Repeal. One of Mr. Shouse's lieutenants in the publicity department of the Association Against the Prohibition Amendment, Emmet Dougherty, is secretary of the Spirits Institute. Called "doctor" by the press and by secretaries in his elaborately outfitted National Press Building office, Mr. Doran probably would have a stroke if anyone suggested that his new job would involve *lobbying* for the distilling industry. Yet the distillers need a Will Hays-type "czar" more than any other industry interested in national and state legislation, and "Dr." Doran should fill the bill if he's not too greatly shocked by the thought. The boys in the chemistry lab of the Internal Revenue Bureau, where Doran worked since he got his B.S. degree in chemistry from the University of Minnesota in 1907, first called him "doc," and now the title has reached its full stature as "Dr." Doran. It is a little too early to appraise the efforts of the new members of the Third Chamber representing distillers, vintners and brewers. Their major efforts, outside of Federal taxation measures, must first be directed to the several states.

FREDERICK LIBBY (*For the National Council for Prevention of War*). An ardent Quaker, he is the most aggressive member of the Peace Lobby among the so-called "respectable" organizations. His campaign against the Big Navy bill in 1928 was one of the liveliest staged by a pacifist in a decade, matched only by the efforts of Dorothy Detzer of the Women's International League for Peace and Freedom. The oldest of the "respectable" pacifist associations, the American Peace Society founded in 1815, is represented by Arthur Deerin Call, but neither he nor the Society can lay claim to anything but a long history. The communists now support the most active anti-war groups, while the old-line pacifists have done little more than earn their bread and butter.

W. T. STONE (*For the Foreign Policy Association*). Financed by the Rockefeller and Carnegie foundations as well as by free-will contributions from 11,000 members, the Foreign Policy Association is gradually pursuing a more aggressive role in Washington with young Stone, former Oregon newspaperman and free lance writer, as its representative in the capital. Started as the League of Free Nations Association at the close of the World War, the association first sponsored forums for "development of intelligent public opinion," later added a full-time research staff directed by Raymond L. Buell, sent out pamphlets to newspapers and universities and more recently joined with the World Peace Foundation in preparing recommendations on foreign policy through committees of "prominent and informed" citizens. Stone took up the Association's recommendations on the agenda of the Montevideo Conference with the State Department, a departure from the Association's former policy. President Roosevelt also received the Association's recommendations on Philippine Independence policy, which suggested an act providing for gradual independence with a fair trading basis to assure future economic stability in the islands.

NEIL KELLY (*For the Beet Sugar Growers' Association*). A power in the writing of sugar tariff schedules and an ardent exponent of setting the Philippines free, the Beet Sugar Growers' Association draws support from twenty-one states in which sugar beets are produced. By joining hands with American cane sugar growers and obtaining support from the American Farm Bureau Federation, the beet sugar growers have written the sugar schedules in every tariff act since before the turn of the century. Philippine independence, as provided in the Hawes-Cutting Act, would be a further aid to domestic sugar growers, and they have championed it with patriotic zeal.

CHARLES J. BRAND (*For the National Fertilizer Association*). His fling as Co-administrator of the Agricultural Adjustment Act, one of the best posts to which a member of the Third Chamber was elevated in the New Deal, ended abruptly when a newspaperman's tip exposed the fact that Brand was carrying on his old work from his new office. Brand is devoting full time now to his former post as executive secretary of the National Fertilizer Association, where he opposes government operation of plants like Muscle Shoals which would produce fertilizers in competition with the meat packers. Double-spread advertisements in Washington newspapers carry his message to Congress when an important bill is up for consideration. Brand has found more than one congressman who didn't know what a commercial fertilizer was until informed by the National Fertilizer Association.

BELLE SHERWIN (*For the National League of Women Voters*). Heiress to the Sherwin-Williams paint fortune, Miss Sherwin crowds a program of legislative activity into an already heavy schedule of social events which evolve around her charming home in fashionable Georgetown. No soap box orator, she leaves protest, street parades and other "undignified" demonstrations to such militant women's organizations as the National Woman's Party and its leader, Miss Doris Stevens. Miss Sherwin depends upon less demonstrative, more carefully tested methods to get direct action. Seated in her attractively furnished office within a stone's throw of the White House on Jackson Place, she can survey the legislative situation as it interests women with blueprint-thoroughness. Gwen Geach, her attractive brown-eyed legislative secretary, keeps tab on each senator and representative through a carefully annotated card file, not unlike those used by the American Legion, the Anti-Saloon League and other old-time members of the Third Chamber. The NRA has made necessary the addition of a card index on all codes, and the red ink symbol "SD" signifies that the League must use its good offices to have the "Sex Differential," now in many codes, removed. The League cuts across party lines, supports no candidates, but furnishes League members with a complete report on the record of any member of Congress upon request. When an important "League bill" is about to come up, it is Miss Geach who polls each member of Congress for support, then sits in the gallery and sees that promises are carried out. Sometimes a friendly wave from the floor is a signal to her that a bill has passed or been killed in accordance with a faithful promise. Although in the Third Chamber only five years, Miss Geach works like a

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veteran. Miss Sherwin has been president of the League for ten years, succeeding the famous suffragist and League founder, Carrie Chapman Catt, whose almost life-size portrait adorns the League president's office. Since 1921 the League has joined hands with nineteen other women's organizations in the Women's Joint Congressional Committee. Through branches in forty states and Hawaii, the League extends its influence to state legislation. Its record for 1933 in the states: 145 out of 293 bills supported were passed; 103 out of 130 measures opposed were killed.

DR. WILSON MARTINDALE COMPTON (*For the National Lumber Manufacturers' Association*). Brother of the two illustrious physicists, Karl Taylor Compton and Arthur Holly Compton, Wilson is now Chief of the Trade Association Division of the National Recovery Administration, a post to which he was appointed to utilize his exceptional talents as an organizer and an ardent leader of the trade association movement. He continues as secretary and general manager of the National Lumber Manufacturers' Association, an organization which he built into a large and efficient trade body since he took command in 1918. Trained as a lawyer and an economist, with a Ph.D. degree from Princeton in 1915, Dr. Compton first attracted the attention of the lumber industry through an academic thesis on forestry economics. His training and economist's viewpoint fit him admirably for the Era of Charts and Graphs, ushered in by Hoover and raised to new heights by the Brain Trust. He is one of nearly a score of members of the Third Chamber who have Phi Beta Kappa keys. One of Dr. Compton's favorite brain children, the National Committee on Wood Utilization in the Department of Commerce, fell victim to the New Deal's de-Hooverizing of the Department. The Committee, in effect, gave official government sanction to the "educational campaign" of the lumber industry.

JUDGE ROBERT VIRGIL FLETCHER (*For the American Association of Railway Executives*). One of the country's most astute railroad attorneys, Judge Fletcher has unified the legislative strategy of the railroads since he succeeded Alfred Tom as counsel to the American Association of Railway Executives. Twenty years as attorney for the Illinois Central Railroad and experience as attorney general and supreme court judge in Mississippi provide him with an extensive background to work effectively with the counsel of other roads on policy matters. He is the association's counsel at a time when relief for the railroads is being given a place of first ranking importance. The railroads are in a position to present a most formidable mass of data on transportation economics through the efforts of Dr. Julius Hall Parmalee, director of the Bureau of Railway Economics. Dr. Parmalee, who has been working with statistics for a quarter century, can make columns of figures come up and eat out of his hand. One of his most disturbing statistics: railroads carried more passengers in 1890 (44 years ago) than they do today!

PHILIP G. LOUCKS (*For the National Association of Broadcasters*). A lawyer and former Washington newspaperman, he pulled NAB out of debt and in three years built its membership to represent eighty-two per cent of the broadcasting business done in the United States. He hasn't been on Capitol Hill more than a dozen times in three years, and then only as a spectator at hearings. By doing an efficient job of organizing the industry's leaders to make personal appearances on important bills, Loucks has staved off "harmful" legislation. The record on radio legislation: seventy-nine bills (most of them unfavorable) were introduced in the last three years, and only one (with the full support of the industry) passed.

HAROLD YOUNG (*For the National Retail Dry Goods Association*). The whipping into shape of the National Retail Code, affecting thousands of retail stores (clothiers, furnishers, dry goods, furniture, hardware, music, shoes, drug and variety shops) fell on the able shoulders of this soft-spoken Arkansas lawyer who has been Washington representative of the National Retail Dry Goods Association since the World War. Young first came to Washington in 1917 with Joseph T. Robinson and was on the enrolling desk of the Secretary of the Senate for two years. He sold the dry goods retailers on the idea of a Washington office and later added the task of representing the Retailers' National Council, nineteen organizations whose members normally employ 1,000,000 people in 150,000 stores doing a $10,000,000,000 annual business. It was Young who obtained recognition for the present retail inventory method used in tax computations. He hasn't appeared personally in committee hearings more than five times in fourteen years. Always a step ahead, he is preparing to meet an expected charge of retailers' profiteering under NRA and has commissioned Harvard University to make a disinterested study on retail prices for comparison with figures of former years.

NATHAN BOONE WILLIAMS (*For the American Dental Trade Association and National Association of Finance Companies*). Lawyer, philosopher and zealous advocate of functional representation, Judge Williams is best known among members of the Third Chamber as the organizer and chairman of the Monday Lunch Club, an association of more than sixty Washington representatives of national agricultural, industrial, and economic organizations—lobbyists to you. The club, which has neither dues, constitution nor by-laws, and never takes a vote nor passes a resolution, has met each Monday for ten years to exchange information of common interest to the members who "consider themselves Ambassadors of American Industry." The talk these days at the weekly meetings in the National Press Club centers around problems arising out of NRA. Williams (whose great, great grand uncle was Daniel Boone) has served several trade associations as counsel since the World War, including ten years as associate counsel of the National Association of Manufacturers. He frequently sends letters to the White House, to Congress and to government departments embodying legal opinions on matters of public policy.

ELISHA HANSON (*For the American Newspaper Publishers' Association*). For ten years the Washington attorney of the most powerful organization representing newspaper publishers, he is the watchdog against legislation affecting the publishers' pocketbook. The past year under the New Deal has been an unusually busy one for him as a result of what some publishers see as the Soviet-inspired thrusts of the Brain Trust through (1) provision for licensing newspapers,

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along with other industries, under NRA; (2) the Tugwell Food and Drug bill which would eliminate or regulate millions of dollars' worth of newspaper advertising for food, patent medicines, cosmetics, etc.; (3) clauses in the petroleum industry agreement which would force advertised gasoline and oil to be sold for more than non-advertised products; (4) child labor provisions of NRA which would include the publishers' legion of 500,000 newsboys; and (5) the supplemental newsprint code which would raise the price of the major bulk of paper received from Canada. In the battle with General Johnson over licensing provisions of the NRA, Hanson received booming support from the nation's outstanding champion of a free press, Colonel Robert R. McCormick, owner of the *"Chicago Tribune."* It was as Washington correspondent of the *"Chicago Tribune"* and later as secretary to the late Senator Medill McCormick that Hanson received the training which fitted him for his present task of representing 450 important newspapers. He is a past master of the art of defending his position on almost any subject affecting the publishers by pointing to the "constitutional guarantees" of a free press; and teamed with Colonel McCormick, he is almost invincible, as General Johnson learned. Probably no Washington representative of a trade association is in a more favorable position to stir up public opinion through editorial comment than Hanson. He is as close to the editors' desks of 450 newspapers as a telephone call to General Manager L. B. Palmer in New York, with a quickly printed bulletin "Important! Editors! Attention!" sent to member publishers, can place him. Not all member publishers support him on every question, but a majority can be counted upon for effective aid.

NATHANIEL MEAD HUBBARD, JR. (*For the Navy League of the United States*). The new 73-year-old president of the Navy League might just as well rest in his comfortable leather chair at the Army and Navy Club so far as the necessity for a Big Navy campaign to influence the present session of Congress is concerned. When the White House directly champions a treaty Navy, "Big Navy" lobbyists go into hiding until after the bill is passed, lest some pacifistic organization be afforded material for effective sniping. That is the situation this session, with no doubt about the President's Big Navy program's being pushed through. However, Hubbard—who can point to membership rolls without the names of interested ship-builders, munitions makers, or naval officers, and only a few operators of the merchant marine—has been zealous in his issuing of "statements to the press" to back up the President by advancing arguments on the increase in employment, the advantages to be gained in the forthcoming 1935 Naval Armaments Conference, etc., which would result from construction and manning of a treaty navy. In New York, Executive Secretary Harold C. Washburn has been busy pushing a strong campaign to build up the League's dwindling, apathetic membership and provide a "war chest" big enough to achieve two major offensives which lie ahead for the League: (1) education of the public, particularly in interior states, to the needs for an adequately subsidized merchant marine before th subject comes up again for Congressional consideration in 1938; and (2) preparation of public opinion for the demanding of an adequate navy in the 1935 Naval Conference. The answer to the question most frequently asked officers of the League: William Baldwin Shearer, who sued three shipbuilding companies for $257,000 in fees for effecting the collapse of the 1927 Geneva Disarmament Conference and obtaining approval for eight 10,000-ton cruisers in the 69th Congress, is *not* a League member. Shearer, who still calls on old friends at the Navy Department, is inactive this session.

MEN IN GENERAL

IT WOULD BE TOO MUCH to expect to find the Third Chamber without its share of scoundrels, racketeers and blackguards. For the most part, its members are hard-bitten realists who know how to get things done in a day when efficiency is rated as a high virtue. They are not bewildered by red tape nor complicated government machinery. While there are scores of Washington representatives who capitalize on the average individual's awe of high places in the government and serve him chiefly by arranging for a picture with the President on the White House lawn, or by providing proper instructions in the etiquette of dealing with the gods of officialdom, most men reduce such hokus-pokus to a minimum unless they find that their bosses or constituents need it to insure their complete happiness.

Those who have done the most effective jobs maintain a strictly non-partisan attitude, cutting across party lines in a way which often annoys party politicians, who must recognize the power of the more closely knit functional groups and deal with them to insure support for re-election. The legislative agents are little concerned with the theory of government, although some would add dignity to their chosen profession by obtaining frank recognition for the notion of functional representation, which would give official status to the Third Chamber. The courts on several occasions have recognized the institution of lobbying. The most recent case arose out of the suit of former Representative Ralph S. Gilbert of Kentucky asking a doubled fee for his success in obtaining a three-cent street car fare for school children of Washington, since his contract was drawn on a contingent basis. The District Court of Appeals recognized the institution of lobbying by holding that "a contract for services to be rendered by an agent or attorney before a legislative body in securing the passage of a measure is lawful," but added that "agreements for compensation contingent upon success suggest the use of sinister and corrupt means for the accomplishment of the end desired, and consequently the law meets the suggestion of evil by striking down the contract from its inception." Old-timers in the Third Chamber could not help but observe that the Depression must be affecting some members, when such practices as accepting contracts on contingent basis, which long ago fell into desuetude, have been revived.

The membership of the Chamber is constantly shifting; new faces appear almost daily as some issue affecting a special group comes up in Congress, or in some administrative department. When tariff schedules are being drawn, for instance, hundreds come to Washington to present their petitions at committee hearings, to mobilize votes for their particular schedules, and sometimes to trade off influence with other interested groups, although many of them are not continuously represented at the capital. This year there has been a record influx of individuals

(*Continued on page* 60)

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Russian Trade Futures

What's in Russian trade for America? Mr. Carter discusses from the viewpoint of the State Department the problem, which involves manganese, furs, asbestos, the lowly sausage casing and many other things.

By Henry Carter

With the formal recognition of Soviet Russia last November, a large number of theories and speculations as to Russian-American relations were removed from the realm of fantasy and prejudice to be subjected to the pragmatic and objective test of reality. Notable among these speculations was the question of the future of trade between Russia and the United States. Prior to recognition the argument was advanced on various occasions, and with varying degrees of effectiveness, that the resumption of normal relations between the two countries would *per se* lead to a vast increase in the volume and profitableness of Russian-American commerce. The force of this argument was, however, somewhat vitiated by the fact that by 1930, and without the putative advantages of recognition, Russian imports into the United States were nearing their pre-war level of approximately $25,000,000 while American exports to Russia had reached a peak of some $111,000,000 a year, a figure which was almost five times the pre-war average.

However, between 1930 and 1932 American exports to Russia sank from this high level to the pathetic figure of $12,500,000 while imports from Russia dropped to $9,000,000, a general decline of 89 per cent. Primarily this was due to the collapse of international trade consequent to the world depression, during which American foreign commerce was reduced by approximately two thirds. Added to this was a certain slackening of the demands of the Russian Five Year Plan for American machinery and other industrial products as a result of Russia's gradually increasing ability to manufacture for herself some of the products which she had previously been obliged to import. These two factors operated quite independently of the matter of diplomatic recognition. On the other hand, in 1930 certain developments connected in greater or less degree with the American policy of non-recognition arose to bear directly upon trade relations. The tariff of 1930 raised generally higher barriers to Russian imports, as they did to imports from all parts of the world, thus increasing the difficulties of Russia, and others, in paying for goods imported from the United States, and leading quite naturally to a tendency on the part of Russia and other trading nations to seek trade with countries which would accept their products and which would lend suitable facilities to finance this trade. Russia, in particular, had need of credit facilities and non-recognition drastically limited the amount she could hope to find in the United States. In the absence of normal relations American exporters dealt with Russia at their own risk, and in the general contraction of credit following the crash of 1929, their ability to carry long term Russian credits was seriously diminished, if not wiped out.

Moreover a number of direct discriminations had been imposed upon Russian products, which further hindered an already badly hampered trade. For one thing, the American Treasury, since 1920, had refused to accept gold which came from Bolshevik sources, a course which obviously struck at one of Russia's means of paying for American imports. In 1930 anti-dumping duties were imposed by the Treasury upon the importation of Russian safety matches which had previously constituted a not inconsiderable item in Russian-American trade, and similar duties were sought, though unsuccessfully, for Russian manganese and asbestos. Another Treasury ruling, requiring proof that shipments of lumber and pulpwood from northern Russia were not the product of convict or forced labor, hampered, if it did not stop, importation of these commodities. In the absence of a trade agreement an extra duty was later levied upon Russian anthracite under the Revenue Act of 1932. Besides these, a ruling of the Department of Agriculture in 1930, declining to accept Soviet certificates of inspection on that lowly but important object of trade, the sausage casing, laid an extra burden upon American importers, as well as being peculiarly irritating to the Russians. Added to these direct disabilities and acts of economic war, were the complications created by the impossibility of obtaining consular invoices for Russian cargoes; higher port charges and higher insurance rates; difficulty of securing the certification of trade and banking documents; lack of trade information. That trade could exist at all under such conditions is perhaps the best indication of the real need of both countries for each other's products.

It is, of course, difficult to appraise the actual amount of damage inflicted upon Russian-American trade by these various factors. That they had a definite effect may,

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nevertheless, be deduced from the fact that between 1930 and 1932 there was a positive increase in Russian trade with other nations which offered trade agreements and credit facilities, as against the precipitous drop in American trade. During that period German exports to Russia increased some 30 per cent in volume, British exports about 12.5 per cent, and it is to be noted that these increases were largely in the field of machinery and metal products, much of which had previously been purchased in the United States. To what extent the removal, through President Roosevelt's recent executive order, of the discriminations imposed upon Russian imports will enable us to recapture this lost market remains to be seen. We have in large degree retained Russian good-will and there appears to be in Russia a marked predilection for American industrial products and methods. Whether this can be translated into increased exports to Russia depends on a set of factors which must be laboriously worked out into terms of commercial intercourse.

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Any discussion of these may be premised on the thesis that the *potential* Russian demand for American goods and technological services is under present conditions practically unlimited. On the other hand her ability to take these is strictly limited by her ability to pay for them, and that in turn is based upon our willingness to receive Russian goods in exchange and to extend suitable credit facilities. The United States has just had a painful but valuable lesson in the principles of foreign trade. We have learned that if we do not buy, neither can we sell. We have discovered that payment for our exports can only be made in goods, gold, or services, and that when these are not accepted commerce must die. We have also learned that lending our debtors the money with which to pay for our goods does not by itself solve the problem of payment and tends to lead to the American bondholder, or the American taxpayer, as the case may be, holding the bag for our exporting interests. These are important, if obvious, lessons, but they seem at last to have been absorbed. On January 25th in a conversation with the German Ambassador President Roosevelt held out as the ultimate ideal in foreign commerce such a balancing of every nation's trade that the total income from foreign countries would offset its total outgo, specific unfavorable trade balances to be eliminated from time to time by appropriate shipments of gold. Moreover it seems clear that the President intends, in the near future, to institute a radical reorganization of American trade upon this principle, and through the method of what he has styled as "Yankee trading."

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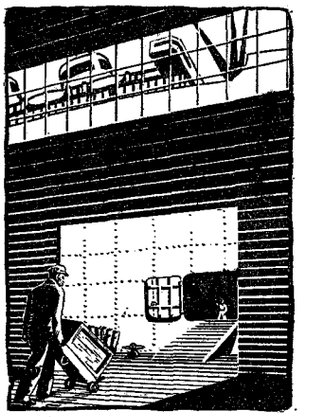
In the light of these principles the question of the future of Russian trade assumes measurable proportions. We presumably do not want, or need her gold, nor can Russia, in spite of her eighty to ninety-five million dollar annual gold production, afford to ship great quantities of it abroad. Outside some shipping services, at present negligible and balanced by ours to Russia, we have no need for Russian services. Loans or credits to finance our exports do not answer the question of payment unless specific means for their liquidation are first established. For payment we must accept counter-balancing imports from Russia, and our willingness to accept and absorb these is the direct measure of the export trade we may hope to establish with the Soviets.



What then can we take from Russia? What has she got that we need and can accept without unduly dislocating our own domestic economy or impoverishing our own industries? The answer is not a simple one: yet it is not insoluble. Even under the unfavorable conditions of the past years we have been importing from Russia some 185 different articles of commerce, which in 1930 were valued at $22,000,000. The more important of these include: furs, caviar, crabmeat and fish, bristles, sausage casings, manganese ore, anthracite coal, asbestos, chrome ore, iron ore, platinum, lumber, pulpwood, matches, rags for paper stock, flax, liquorice root and medicinal herbs. To what extent these imports can be expanded or added to is for the future to determine. Obviously there is no room in the American market for Russian wheat and oil, which, together with timber and wood products, fish and minerals such as manganese and anthracite, make up the bulk of Russian world trade. Nonetheless, it is to our interest to examine the Russian export list with care if we are to send our machinery, structural steel, tractors, automobiles, reapers, and our cotton, to the Russian market. Aside from the impelling need of finding an outlet for some of our surplus goods, certain of Russia's products possess for us a high degree of economic utility, and in some cases are practically essential. While it is not proposed here to examine the list in any statistical detail, certain outstanding articles exported from Russia call for brief comment:

Furs. Although American fur production is among the greatest in the world, amounting to forty-five to seventy million dollars a year, we import furs in even greater quantities: $108,049,000 in 1929, and $25,137,000 in 1932 in spite of the Depression. Of these Germany, Great Britain, China, and Canada supplied the greater part, while Russia furnished an average of 4 per cent in direct importations. Indirectly, however, much of the fur imported from Germany and Great Britain was of Russian origin and resold by them in the United States. Consequently now that we enjoy normal relations with Russia, a marked increase in direct importations of Russian furs would appear to be in order.

Bristles are imported in large quantities by the United States, in 1929 a total of $8,000,000 worth, three fourths of which came from China, Russia supplying about 7.5 per cent of the total. Before the war, Russia was the greatest exporter of this commodity in the world, and may well regain a part of the American market, although it would have to be largely at the expense of China.

Sausage casings. This article of commerce amounts to an amazingly large item in American imports, $15,000,000 worth in 1929, $4,000,000 in 1932. Russian casings are of unusually high quality and have increased their proportionate share in the American market from 7 per cent in 1929 to 17 per cent in 1932.

Manganese. In spite of large deposits of this mineral in the United States, most of it is of low quality, and so

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expensive that 90 to 95 per cent of the manganese used in this country has to be imported. Russian manganese appears to be the best and cheapest in the world and accounts for some 40 per cent of all manganese importations, having seriously cut into the imports formerly received from India and West Africa and having practically compelled the closing of the manganese workings in Brazil and South Africa. With the collapse of the steel industry in the United States in 1932, production being less than 20 per cent of normal, importations of Russian manganese dropped to $522,000 from $1,897,000 the previous year, but advanced proportionately from 32 per cent to 42 per cent of the total of manganese imports.

Anthracite. Beginning in 1929 Russian exports of anthracite coal to the United States rose from $737,000 to $1,611,000 in 1931, and in 1932 still amounted to $1,498,000, regardless of the fact that the United States is a producer and exporter of this commodity. Russian anthracite is in general of higher grade than the American product and in spite of high duties is in demand in New England and on the Atlantic seaboard. At present Russia supplies 42.5 per cent of our imports, and thanks to her vast reserves is rapidly overtaking Great Britain, her principal competitor in this market.

Asbestos is relatively scarce in the United States and we import nearly 83 per cent of what we consume, most of which comes from Canada where many of the deposits are American owned. In 1931 Russia supplied 17 per cent of our importations, but this promising trade was cut short by a practical embargo imposed by the Tariff Commission in the spring of 1931 and not lifted until two years later.

Iron ore comes to this country in considerable quantities from Russia, frequently in the form of ballast for ships seeking cargoes from the United States. Although the United States produces about 28,000,000 tons of iron ore a year, it also imports in normal times about a million and a half tons of which about 19 per cent is of Russian origin. Russian importations have held up well through the Depression and can be used to advantage by the seaboard areas.

Chrome ore. The uses of this important mineral are just beginning to be known and appreciated. Practically none is produced in the United States, which gets its supply from Mozambique, Greece, Turkey, French Oceania, Cuba and Russia. Russia did not enter the American market until 1930 when she sent ore valued at $238,000. In 1931 she sent $292,000 worth which made up 9 per cent of the total importations. During 1932 the figure dropped to $52,000 or 3 per cent of the American market, but may be expected to increase substantially with the revival of trade and industry.

Lumber. The United States is by far the greatest producer and consumer of lumber in the world and takes up about one half of the annual world output, In spite of our own large timber resources we import lumber amounting to about 5 per cent of our total consumption, principally from Canada, where American interests have acquired holdings of considerable size. In 1930 Russia supplied to the American market spruce valued at $1,500,000, about 1.5 per cent of our total imports, and in 1932, in spite of the shrinkage of total lumber importations by 80 per cent, succeeded in obtaining the proportionately large share of 4 per cent of these importations. While the use of Russian lumber is at present principally confined to the Atlantic seaboard, and while its importation will be opposed by American and Canadian lumber interests, the depletion of our forest reserves particularly spruce may lead to increasingly greater importations from the vast forest areas of Russia.

Pulpwood. Here again the United States is the most important consumer in the world. While we have been able to supply a large part of our needs, extensive importations have been necessary, in 1929 $15,280,000, in 1932 $5,101,000, and of this 8.9 per cent has been coming from Russia. As with lumber, Canada supplies an overwhelming part of our imports, although Russia sent us cargoes valued at $1,580,000 in 1930, and $481,000 in 1932. We can unquestionably take more from Russia but it may have to be at the expense of our trade with Canada. Both American and Canadian sources are now believed to be running low, which would suggest the possibility of a marked increase in our importations from Russia.

The foregoing have been selected as representing the most significant and substantial items among our Russian imports, of which they constitute normally about 75 per cent. They have been cited in some detail by way of indicating how an increase in our purchases from Russia may be possible, and what is true of them would apply with equal force to a host of lesser commodities. Estimates of the extent to which this increase could be carried must of necessity be matters of opinion. Factors of internal production in the United States and of trade with other countries, especially Canada, cannot be determined here with any degree of assurance. Optimists have talked of yearly imports from Russia of a 100 to a 150 million dollars, which is almost certainly too high for present attainments. On the other hand, on the basis of a pre-war imports of $25,000,000 a year, and a pre-Depression trade of almost that amount, it is not unreasonable, assuming a measurable degree of recovery and of increased trade through friendly and direct relations, and considering the effect of the recent devaluation of the American dollar, to look for a doubling of our so-called normal importations to a figure say, of $50,000,000 a year. Indeed in the opinion of some competent authorities it might rise as high as eighty to ninety millions annually. As an immediate goal, however, the more conservative estimate of fifty millions would recommend itself as offering a safer basis on which to build our hopes.

As has been indicated, the measure of our potential exports to Russia is rather strictly limited by the volume of our imports from the Soviets. By the same token this becomes also the limit to which we may safely go in extending Russian credits, indeed to go so far must be predicated on the formulation of a trade agreement with Russia which will permit her to export to us goods in the amount of the credit involved, whether it be fifty or one hundred and fifty millions. Any other course would lead one way or another to a repetition of our folly of the '20's in financing foreign exports by the extension of unrepayable loans.

Assuming, however, that a suitable trade agreement can be reached, credits become an important feature and adjunct to the development of a prosperous trade. A great part of the Russian purchases made in this country are for capital goods, and not unreasonably the Soviet Government wants liberal credit terms on these while it is building up its trade balances in the United States. Four-

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and five-year credits, even ten-year credits, on heavy equipment are what the Russians are seeking. These are perhaps excessive, save for such things as ships, but with guarantees in the form of a trade agreement which would give opportunity for their liquidation two- or even three-year credits for some types of equipment might not be out of place. These are obviously too heavy for American industry and banking to carry under present conditions without government assistance or guarantees.

To meet this situation the Government is now moving toward the establishement of an Export Bank, backed by RFC funds, and, following the practice of the other principal nations dealing with Russia, proposes to underwrite a part of the credits extended by American exporters through the medium of some form of credit risk insurance, perhaps to an extent of 70 or 75 per cent of the total value of their shipments. Presumably this insurance will not be confined to Russian trade but will be extended to other countries as well. The total amount of such governmental insurance would of course be limited by some fixed sum, and the amount allotted to any single country, such as Russia, would in turn be based upon the volume of imports we might reasonably expect from that country toward the eventual payment of the total credits extended. Already the Reconstruction Finance Corporation has extended direct short term credits to Russia for the purchase of American cotton, and to China for the purchase of American cotton and wheat, and in the case of agricultural products the Government may for a time at least continue to assume the full risk of such credits in its endeavor to dispose of American agricultural surpluses.

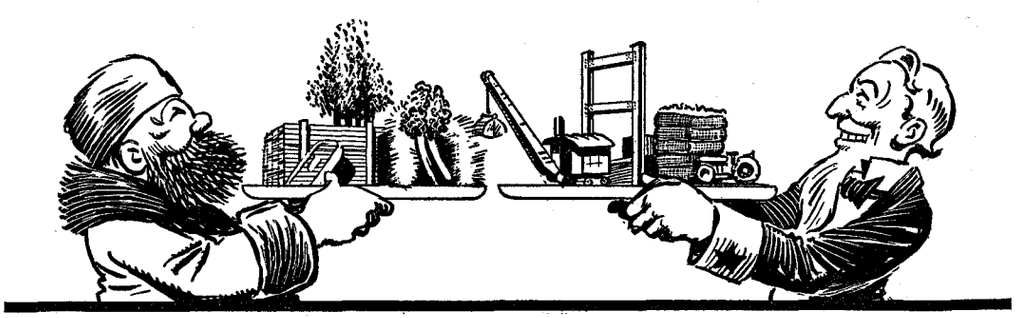
While unquestionably the matter of credits or of credit insurance to finance American trade with Russia will be determined by the special considerations applicable to that particular trade, it is of interest to examine briefly the nature of the credit insurance underwritten by other nations as regards their Russian trade, as summarized in the following abbreviated table:

Country	Amount of credit	Average length of credit
Great Britain....	£12,000,000	12-18 months
Germany	650,000,000 marks	29 months
Italy	200,000,000 lire	19 months
Poland	150,000,000 zlotys	3-17 months
Finland	126,000,000 marks	6 months-2 years
Latvia	10,000,000 lats	12 months, sometimes longer
Czechoslovakia ..	100,000,000 crowns	2-3 years
Norway	32,500,000 crowns	12 months
Sweden	75,000,000 crowns	12 months
Denmark	70,000,000 crowns	Maximum 10 years. Usually 1 year up to 5 or 6 years.

Without attempting to analyze the credit insurance plans here represented, it may be said that the average amount of risk assumed under them by the respective government is 65 to 75 per cent of the total credits involved, and that there is a general, if rough, correspondence between these and their Russian imports. As may be seen from the table, the length of credit covered is usually limited to 18 months, with the notable exceptions of Germany and Denmark. And it is worth noting that no losses to the insuring governments have been reported as having been incurred in dealing with Russia on these terms: in point of fact the Soviet record on payment of commercial obligations has been excellent.

To what extent a comparison of the terms of credit granted Russia by other nations may be useful in determining the arrangements to be made by the United States is problematical. Perhaps in view of the preponderance of heavy equipment and capital goods in our exports to Russia it may prove necessary or advisable to grant longer credits than the average and to follow the German model rather than that of the British if we are to have our fair share of the Russian market. This is a matter for consideration in the formulation of a trade agreement with Russia, and must be dealt with in the light of our total national interest. So handled, Russian credits—or rather credit insurance for American exporters—will, if limited to a prudent self-liquidating basis, prove a valuable if not indispensable element in the establishment of a healthy and profitable trade between Russia and the United States.

Clearly a greatly increased trade between the two countries is desirable from the point of view of both. It is possible *if* we are willing to balance Russia's imports from us by exports to the United States. The normal limits to that trade seem obvious, but within those it should flourish and play its part in restoring economic balance both within and without the United States.



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Uncle Sam—Job Hunter

By Elwood Street

The government has agreed to assist in the effort of aiding every citizen to find a job. The far-flung organization with more than 3,000 offices throughout the country which this entails is described by Mr. Street.

OF the changes which have been made in governmental policy and procedure since March, 1933, none has been more striking and few appear to have greater long time importance than the revolution which has been worked in the field of public employment under the leadership of the new United States Employment Service, set up in the Department of Labor. This over-turn in principles and methods of connecting the jobless man and the workerless job affects millions of citizens in practically every one of the more than 3,000 counties of the United States. It involves reversal of the theory of the responsibility of Federal, city and state government toward the vocational life of its citizens.

And this change has passed almost unnoticed. It has not attracted such vivid attention as have many other legislative and administrative manifestations of the New Deal. This obscurity has existed partly because the United States Employment Service not only has not sought publicity but actually has avoided it in order that it might not be swamped with applicants before it was prepared to handle them properly.

The development of the United States Employment Service means a right-about-face in methods of job-finding and worker-finding. When the social history of this eventful period is written this revolution in employment service promises to stand out as one of the major achievements of our endeavor as a nation to extricate ourselves from the Depression and to set up a new order of society. This new system has been developed so rapidly that it is almost more than a revolution—it's a veritable explosion, with beneficent results! It means a change from a sort of guerilla warfare between the job-seeker and the employee-hunter, to interconnected state and Federal responsibility for helping each man who wants a job to get the best job available and for aiding each person who wants to employ a man or woman to get the best person who may be found for that job no matter where in the United States either may be.

This alteration in employment procedure is as great as though on July 1, 1933 (when the new U. S. Employment Service was established), the only means of communication, even on matters of life and death, between people who wanted to speak to one another and were not at that moment in face to face contact had been for the person who wanted to talk to search for the person to whom he wanted to speak throughout the whole country without knowledge of where he might be; and as though, on the other hand, by January 1, 1934, a complete local and long distance telephone system had been set up which not only transmitted spoken words from anyone to anyone anywhere but also hunted up prospective telephoners to find out what messages they wanted to transmit and to teach them how to phrase those messages.

On July 1, 1933, the age-old, catch-as-catch-can system of finding employment by those who were out of work or who wished to change jobs, and of finding workers by employers who wished to fill jobs, prevailed in most of the United States. In only 125 out of 3,000 counties (or one-twentieth of the counties of the United States) were there public employment services. Many of these were actually competitive, one with the other, and many of them were highly inefficient.

When you were out of work in almost any of the communities of the United States you faced the world alone. You went from office to office, from factory door to factory door, from employment gate to employment gate. You followed up clues given by friends and relatives and acquaintances. You chased furiously across the city for a job that had existed in rumor only. You hitch-hiked or rode the brake-rods from one part of the country to another, seeking jobs which had never existed or which were filled by the time you got there. Yet all the time the very job for you might have been almost next door and eventually filled by someone from the other end of the city, or even the other end of the country. Even in time of extreme unemployment jobs were continually being vacated because of death, sickness and for other reasons, and were being filled on an unsystematic, ineffective and inequitable basis. You, jobless, were alone and desperate. No one seemed to care very much whether you got a job or not.

Commercial employment agencies charged considerable sums for finding jobs if they could find them. These agencies were often in connivance with employers who discharged the person employed soon after hiring so that the agency might supply another employee for another split-fee.

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There were, of course, some competent public and private employment services. They were largely for the unskilled laborer. The "white collar worker" especially of the higher type, was without any adequate job-finding resource. In a land of presumable "efficiency" the finding of jobs and the filling of them was chaos. Labor was a commodity on an over-supplied and disorganized market. The new United States Employment Service has made it clear that labor now has human value. The government itself has taken responsibility for placing the jobless in whatever jobs may be found or created.

Now, if you live almost anywhere in the United States and are out of work, or are looking for a better job or a different job than the one you have, or want to get a job in another city or part of the country, you can use all the old-time resouries that you want to. Behind and beyond all these, however, you now find waiting to assist you the United States Employment Service and inter-connected state and local services. From this vast system not only do you get information as to local jobs which are available, with "referral" to the ones for which you are the most suited, but also you can get information about employment conditions throughout the country. If there is a demand from another part of the country for more workers than can be supplied there, or for workers of special skill, yoo may be put in touch with that situation. More than that, if you wish to develop yourself for increasingly skilled service you will be given advice as to the kinds of work you best can do and as to further training you ought to take to make the most of your experience, training and ability. If, on the other hand, you are an employer of labor, instead of having to take those persons who happen to come to you for employment, you now have the whole labor market to pick from so that your range of selection is greatly increased. Furthermore, whether you are employer or employee, you do not have to pay for this service. The government now offers the service to all citizens as evidence of the fact that the right to work has been added to the other constitutionally guaranteed rights. Disorganized society creates unemployment. Let organized society pay for finding employment!

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Employment service has expressed in practical terms the philosophy that government by the people of the people means government for the people, in their great need of modern life—the need for jobs. This is not paternalism, it is argued, but *"state-ism"*—service by the state, to the people who make up the state.

This is the human setting for the fact that on January 1, 1934, only six months after the United States Employment Service was set up, over 3,400 communities had reemployment or employment service in a coördinated city, state and Federal system. Over 15,000 persons chosen without regard to politics were enrolled as volunteer members of local, state and national advisory committees. More persons had been appointed to paid and volunteer positions in this service than in any other branch of the Federal government in this same period. Over 9,000,000 applicants for work had been registered. Over 3,000,000 placements had been made through these employment services. This performance constitutes one of the greatest pieces of rapid organization in the history of public administration in the United States.

This revolution had long been in the mind of Senator Robert Wagner of New York. He strove for years to establish a strong Federal employment service. President Hoover vetoed the Wagner bill which the last Congress of his administration passed; but Senator Wagner was finally successful in the passage in June of the Wagner-Peyser Act, and in its subsequent signature by President Roosevelt.

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The revolutionary character of the new service is indicated by the Act itself. The Service is "to promote and develop a national system of employment offices for men, women and juniors; to maintain a veterans' service to be devoted to securing employment for veterans; to maintain a farm placement service; to maintain a public employment service for the District of Columbia; to assist in establishing and maintaining systems of public employment offices in the several states and the political sub-divisions thereof." The Service is also to "assist in coördinating the public employment offices through the country, increasing their usefulness by developing and prescribing minimum standards of efficiency, assisting them in meeting problems peculiar to their localities, promoting uniformity in their administrative and statistical procedure, furnishing and publishing information as to opportunity for employment and other information of value in the operation of the system and maintaining a system for clearing labor in the several states."

The states must do their part, however, if they are to receive any funds from the appropriation of $1,500,000 for 1933-34 and $4,000,000 for each of the next three years (the largest amounts ever appropriated for peace-time employment service). The Act provides that seventy-five per cent of the amounts appropriated are to be apportioned among the several states in proportion to population, for establishing and maintaining systems of public employment offices. Equal sums must be appropriated or otherwise made available from state sources.

The states, however, have to do more than put up cash to match their shares of this $1,500,000. Any state desiring to receive the benefit of the Act must submit to the director detailed plans. State agencies must make such reports as are deemed advisable by the director. He ascertains whether the system of public employment offices maintained in each state is conducted in accordance with his rules, regulations and standards of efficiency. He may revoke any existing certificate or withhold the issuance of any further certificate.

These legal provisions put a lot of power in the hands of the director. This director is W. Frank Persons. His experience includes in succession: Director-General of Civilian Relief of the American National Red Cross during the World War; director of Organization of the League of Red Cross Societies; Vice-Chairman in Charge of Domestic Operations of the American Red Cross; seven years in personnel relations with a public utility company; field representative for the American Public Welfare Association; in the spring of 1933 special representative of the Depart-

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ment of Labor in charge of enrollment of the Civilian Conservation Corps; and since July 1, director of the United States Employment Service. He was appointed by Secretary of Labor Frances Perkins.

The record of the first six months of activity shows what a great revolution already has been consummated by the United States Employment Service. When the United States Employment Service began its work on July 1 it was especially charged with the responsibility of setting up "Re-employment Service" to coöperate with the Public Works Administration and the Federal Emergency Relief Administration in providing the personnel who would be employed by contractors in the $3,300,000 Public Works Administration program for the benefit of the nation's more than 12,000,000 unemployed persons. "Re-employment Service" was organized as the forerunner of employment service, utilizing the existing employment services but setting up new state re-employment services throughout the country where no similar service was already operating.

The first job on the Public Works program was the expenditure of $400,000,000 for public roads in all of the states of the union. Re-employment services had to be set up in each of three-fourths of the 3,000 counties of the United States—or 2,200 in all. Twenty-four states had no employment service whatever. There were practically no skilled people in the employment field except those in the 125 state and city offices which had been operating under the old Federal Employment Service and state employment systems. Traditionally, employment service had handled mainly unskilled labor. Skilled workers had been handled by the organized unions or by persons dependent upon the unions. A small amount of clerical work had been handled by the local employment services and by the Federal employment agency. In most communities employment on public works had been in the hands of politicians through the district clubs and the ward or county political leaders on the basis of distribution of political favors for service rendered.

These difficulties had been aggravated during the previous four years because the Federal employment system had been neither adequately financed nor progressively conducted. It had been run as a separate machine. Its offices were often set up in competition with state employment offices instead of being part of a unified and efficient system. Local and state sources of employment were drying up.

Many problems inherent in the administration of public works and relief were met in setting up the new service.

The Public Works Act said that ex-service men and dependents should have the first opportunities for work on Public Work jobs. Yet, opportunities for work had to be awarded to those best qualified. Otherwise, employers would not patronize the placement service.

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If only persons who were "on relief" had been given employment under the Public Works program, unemployed persons not "on relief" would have said their cases were hopeless and would have "gone on relief" in order to get jobs, defeating the very purpose of the Public Works Administration. On the other hand, if the new Employment Service had proposed to give its jobs only to the self-sustaining unemployed, the 4,000,000 people who were receiving relief on July 1 would have felt that they were members of a permanent pauper class. The whole employment system would have been unpopular and the result would have been disastrous. The new Employment and Re-employment Service had to select those from the unemployed who were not on relief and those who were on relief in such a balanced fashion as not to impale the rapidly developing program on the horns of this dilemma.

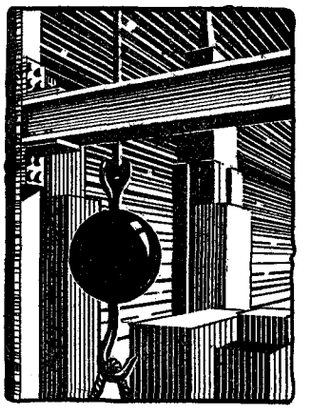
Work had to be given to residents of the county in which the work was to be done, so far as possible. Union labor for Public Works jobs should be employed through the ordinary sources. This meant establishing complete understanding and sympathetic relations between the Re-employment Service and the labor unions which were strengthening themselves and handling labor through their own offices.

The distribution of unemployment was country-wide and not in a few centers. It included a large proportion of the able-bodied and workable population. The Re-employment Service had to be administered to prevent migration and obviate a rush to seek jobs when they were advertised.

Such was the setting on July 1 when the new United States Employment Service was set up.

Mr. Persons decided that the administration of this employment service should develop the use of the existing state employment agencies. A plan was worked out for placement of professional persons as well as unskilled labor. State directors of re-employment were set up in all the states almost simultaneously. Manuals of effective standard practice were prepared and made effective for the whole employment system. Coöperation was developed with the state employment systems already existing in twenty-four states, and with the labor officials in the other states. Pains were, necessarily, taken not to create the impression of a permanent organization but of building up a system which would stimulate a desire for improved and enlarged state systems. In spite of all this intricate planning and activity, there has been no protest that any state employment development has been blocked or thwarted. The objectives of all states in providing more adequate and effective employment facilities have been advanced.

These 3,000 or more local re-employment services (more than one in some populous counties) have been set up under a uniform method of work and of administration and with a satisfactory record of handling applicants in such a way as to determine their fitness. Men have been selected for Public Works according to priority of residence and fitness for the work. Re-employment services have served private industry as well as the Public Works Administration. For example in South Carolina on October 1 there had been 6,996 placements in private business and industry and only seventeen Public Works Administration jobs. In some cases the State Re-employment Service has been placed under a unified administration with the State Employment Service.



Existing employment services and re-employment services have received advance information of every local Public Works job as it was planned, approved and the contract let. The employment officers knew the location, the name of the contractor, the nature of the work, the number of men required and when they would be required. Contractors were seen in

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advance and their requirements and the classes of workers desired secured. The State Employment Centers and the Re-employment Service offices have become centers of information and service to the public in relation to a great variety of questions about employment. Within each state the state re-employment director has worked in close cooperation with the state relief administrator, tne director of the state employment service (if one existed), the chief of the state highway department, the state engineer for the Federal Emergency Administration of Public Works, the state commissioner of labor, the district engineer of the Bureau of Public Roads, and with other officials having to do with employment opportunities and problems. The small headquarters staff in Washington has been in continual close contact with the Federal Emergency Relief Administrator and the Deputy Administrator of Public Works; with representatives of the Department of Treasury, Agriculture, Interior, War and Navy; with the Veterans Administration; and with various bureaus within departments. Thus, there has been a constant exchange of information, sent promptly to state and local offices as the need arose. The ultimate if incidental objective is a network of information on employment problems and procedures such as has never existed before.

The Employment Service has already proved a valuable device for bringing stability to the labor market and peace to the community. For instance, $50,000,000 was to be spent in flood control on the Mississippi River up and down from Memphis. The states of Arkansas, Tennessee, Mississippi, Illinois, Missouri and Louisiana were involven. Opposite Memphis, dykes had to be built in Arkansas. On the Arkansas side of the river, however, the counties were rural, without any large amount of trained labor. Some of the work was on the Tennessee side of the river. Questions arose as to whether all of the labor should come from Arkansas or from Tennessee. A representative of the United States Employment Service conferred with the Army engineers, the contractors and public officials. Rules were agreed upon which met the demands of all interests, prevented the influx of great numbers of people into Memphis who would have been disappointed in not getting the work they wanted and provided for the proper flow of adequately qualified men for the work ahead. This is typical of the kind of aid the United States Employment Service can render.

In addition to these practical ways of bringing together the unemployed man and the employerless job the Re-employment Service by January 1 had 3,400 local advisory committees made up of an average of five persons each or over 15,000 people intimately concerned in employment problems. They were the leading people of their communities. This community guidance was an entirely new departure in employment management in the United States. In none of these communities was any rent paid for the re-employment offices. Loans of many other services and equipment were made. The Re-employment Service had become imbedded in the community life and the community was proud of it. Essential help was given by the Federal Emergency Relief Administration. It provided local white collar men on work relief for clerical and administrative jobs. The FERA also paid the cash wages of interviewers who had to be paid greater amounts than mere work relief. All of this mechanism was set up under local auspices.

Perhaps the greatest test of the new Employment Service and Re-employment Service came in mid-November of last year when Federal Relief Director Harry Hopkins set up the new Civil Works Administration throughout the country to use $400,000,000 in employing people who had been on relief, not in "public work" but in public improvements and maintenance for thirty hours a week at the regular going wages of the community. One month later 4,000,000 unemployed men had been put to work, half from local relief rolls and half through the Re-employment Service—an unprecedented task! No one knows what would have happened if the United States Employment Service had not set up the system which has already been described. As it is, the coördinated State Employment and Re-employment Services dovetailed perfectly—the best possible proof of the potentialities of the new system.

This service is available for the skilled worker as well as the unskilled. The Employment Service intends to be a center for the collection of information regarding the state of employment so that as the tides of employment rise and fall the labor army may be mobilized for service wherever the demand arises. For the first time it is now possible to apply in this country social statesmanship to the ancient relationship of employer and employee and to plan employment on a nation-wide basis, with the coöperation of all interested parties. The new United States Employment Service is built on the basis of service to all—to the person who is looking for work and to the employer who is looking for workers. This service stabilizes the worker, giving him assurance that even if he does lose contact with one form of employment the United States Government will be behind him in his search of other employment. No longer, when out of work, need he wander alone and blindly, beset by shadows of empty fears and pursuing apparition of empty hopes. He becomes at once, if he wishes, the object of the solicitude of a system which reaches 3,400 communities—practically every center of employment in the country. The search for employment has been transformed from the individual concern of a desperate man seeking work through friends and at factory gates to a social concern with the force of Federal, state and local government and 15,000 volunteer committee members behind the endeavor to find the best possible job and the best possible worker for the job, with the least possible loss of time and effort. Labor is no longer a commodity but a human value!

Already much of the re-employment service has been taken over by permanent employment services. The transfer will be as rapid as state plans develop and as Federal funds, released in larger and larger amounts, are matched by state funds. While the beginning is revolutionary the promise of the future is for a stable and apparently useful structure built upon the foundations laid in the national employment system so rapidly established to meet current needs of public works and civil works.

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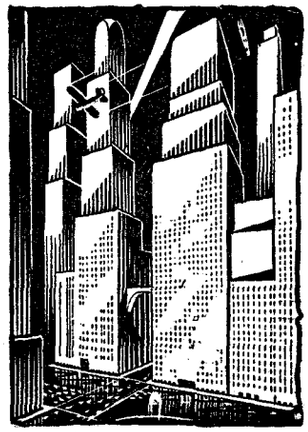
Talk of the Nation



Accidental

THE NICE, QUIET, PEACEFUL American home has always ranked high as a favorite place for the most gruesome, appalling and unbelievable accidents. The bathtub, the misplaced bath mat, stepladders, kitchen chairs (when used as stepladders) are always listed prominently in annual reports of American accidents as diabolical and dangerous weapons. The poorly lighted basement comes in for some indirect but pointed criticism in the most recent report of the National Safety Council. The basement in question was in a house in York, Pa., and its owner, badgered out of all love for living, went into this dark place with the single-minded purpose of doing away with himself. This greatly harassed soul was standing on a rickety box groping in the dark for a cellar-roof beam around which to throw a rope when the box toppled throwing the standee back on his head upon the concrete floor. The man later died of his injuries. As a result, the year's total of American accidental deaths rose by one, although the coroner's jury recognized the suicidal intentions of the victim with the comment that—"he died trying."

Not only completed American homes, but homes not yet completed are dangerous territory, as the following letter recently received by the Metropolitan Life Insurance Company seems to prove:

"Gentlemen:

"The soulessness of a corporation is something to stun you—I am myself a victim just from the hands of the surgeon who made an honest effort to restore me to the form in which I grew to manhood's estate instead of being a man of wealth and honor to the community.

"Let me review my case. I carry an accident policy in your company, by the terms of which you agreed to pay me twenty-five dollars a week during such time as I was prevented from working because of an accident. On Sunday morning, a week ago, I went around to a new house which is being built for me. I climbed the stairs, or rather the ladder which is where the stairs will be when the house is finished, and on the top floor I found a pile of bricks which were not needed there. Feeling industrious I decided to remove the bricks. In the elevator shaft was a rope and pulley, and on the end of the rope near the roof was a barrel, the rope being fastened firmly at the bottom of the shaft. Down the ladder I climbed once more, five stories mind you, and untied the rope to let the barrel down. The barrel was heavier than I, and before I had time to study the situation I was going up the shaft with my speed increasing every minute. I thought of letting go of the rope, but before I had decided to do so, I was so high that it seemed more dangerous to let go than to hold on, so I held on.

"Half way up the elevator shaft I met the barrel coming down. The encounter was brief but spirited. I got the worst of it and continued my way to the roof. That is most of me went on but my epidermous clung to the barrel and returned to the earth. The shock knocked the breath out of me and the bottom out of the barrel. Then the barrel minus the bricks and its bottom, I became the heaviest and started down while the barrel started up. Once more we met in the middle of the journey, the barrel upper-cutting me and pounding my solar plexis, and embarking my chin and face. When we became untangled, I resumed my downward journey, the barrel going higher up to the shaft. I was soon at the bottom and stopped so suddenly that I lost presence of mind and let go the rope, only to release the barrel and have it fall five stories hitting me squarely on the head and it landed hard, too.

"Here is where the heartlessness of your company comes in. I sustained five accidents within two minutes. Once on my journey up the shaft when I first met the barrel, the second when I struck the roof, the third when I descended the shaft meeting the barrel for the second time, the fourth when I struck the bottom of the shaft and the fifth when the barrel fell on me. But your agents have said it was only one accident, not five and instead of receiving payment of injuries at the rate of five times $25, I am entitled to but one payment of $25. I therefore enclose the policy and ask you to cancel it because I do not intend to be skinned by an insurance company or a barrel."

Facts

AMERICANS ARE GREAT HANDS for examinations. They like to take tests, write answers to questions, show their knowledge and generally demonstrate to an applauding world just how many facts they have at their fingertips. Somehow facts seem reassuring to the average citizen. They look like real, solid things, and everybody is proud to possess them. The recurrent popularity of "Ask Me Another" games, with questions covering all possible avenues of knowledge, show this. The process begins in school. American schoolchildren are subjected to more quizzes, tests, midterms, regents and the like than their contemporaries elsewhere in the world. The result is calculated to show their abilities in the clearest and most pitiless light; if the child does not pass the exam, he is obviously no good.

The New England Association of

(*Continued on page* 62)

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Outlook Book Choice of the Month

Reviewed by Robert Cantwell

THE SHADOW BEFORE, by William Rollins, Jr., $2.50. 389 pp. New York: Robert M. McBride and Company.

SOME DAY THE LITERARY BIOGRAPHIES of our period are going to make puzzling reading. Writers will seem to show unexpected developments almost between books, or to reveal completely unsuspected powers and interests in the space of a few months' time. Whatever judgment the future, in its various stages, may pass on the quality of the work being produced now, it seems safe to say that the literary scene itself will appear to be packed with enigmas. Consider what bewildering reversals we have witnessed since the war. Here is Eliot, to take the most spectacular instance, who began by writing brilliant, coldly satirical and mocking verse on religion and who is now composing psalms and devotional poetry—besides insisting, in smooth and well-chosen words, that there is an organic connection between fine writing and the established church. Or Joyce, who produced at the age of forty what now seems a world masterpiece, and in the twelve years since has given us only a few cryptic lines. The vacillations are as marked at the lower literary levels; in the past two years we have seen one group of aesthetes turn to communism between books and another group begin championing, at this late date, the cause of the Confederate States in the Civil War.

The development of William Rollins between his first and second novels is an illustration of another kind, much more important, much more tangible, since the signs of growth are so clear. "The Shadow Before" is a striking novel in its own right; it is complex, inclusive, an exciting book without a taint of artificiality in it; but it is even more impressive when reviewed in the light of Mr. Rollins's early work. Five years ago his first "literary" effort, "The Obelisk," was published in the American Caravan. Later a novel of the same name appeared, a typical first novel, somewhat on the order of Thomas Wolfe's "Look Homeward Angel!" Before that, according to the publishers, Mr. Rollins had written detective stories and serials for a confession magazine under a variety of pseudonyms; and "The Shadow Before" marks as sharp an advance over his first novel as it represented an advance over the early mysteries and confessions. And just as "The Obelisk" seemed least of all the product of a professional manufacturer of detective stories, so "The Shadow Before" seems least of all the product of the author of that uneven, chaotic, experimental, first novel.

"The Shadow Before" is an exhaustive study of a New England town in the grip of a widespread strike —not merely a labor novel, but a broad picture of the psychological consequences of the strike on all elements in its population. It is also one of the best accounts of such an event in our fiction, more detailed than Dos Passos' picture of the Passaic strike in "1919," more concentrated than Grace Lumpkin's dramatization of the Gastonia strike in "To Make My Bread"—to mention two recent novels which deal with industrial conflict. The major difference between "The Shadow Before" and other works of this type is that the entire novel is focused on the strike itself; there are other incidents, of course, but their importance lies in the way they illuminate the central conflict and in the way they reveal its repercussions on individual careers. We see the strike through a hundred eyes, as it seems to the business men whose plants are involved, as it seems to the strike leaders, to the police, to the ordinary workers, to the ambitious young employee whose career has been interrupted, to the son of the mill owner and to dozens of individuals—and here Mr. Rollins's artistry is most telling—who are not directly involved but who respond unconsciously to the sense of apprehension that settles on the community. A picture of a whole society in turmoil is built up out of these complex reactions; as the strike develops, as the action grows more melodramatic and the emotions more intense, we see the town paralyzed and waiting, the individuals acting from obscure impulses which spring from the depths of their experience and desires.

In two of his characterizations Mr. Rollins reveals a remarkable insight and an impressive ability to get it across. There are a dozen sharply seen individuals, but these two—Harry Baumann, a mill owner's son, and Marjorie Thayer, the daughter of a small executive—stand out most clearly. Harry, who is bored, nervous, filling the intolerable emptiness of his life with outbursts of rudeness and deliberate artificial hazards (he goads himself to crime out of shame at his fear) is caught up in the strike and joins the strikers out of an urge for sensationalism and a deeper resentment against his family and its way of life. Marjorie, on the other hand, grows more and more afraid of the world, less and less able to face it as the people seem to act inexplicably, until her headaches grow into neuroses and her solitary "practicising" of her dramatic art develops into a madness which Mr. Rollins barely lets us glimpse. I do not know how to convey the strange and moving quality of these scenes of her disintegration, or the effect that is produced by the alternation of her immature reflections and the grand lines from Shakespeare she is memorizing—somehow she seems to go down, like a child struggling in quicksand, crying out the fragments of the beautiful and passionate verse she does not understand. Even though she does not see the strike, and evidently is not aware that it is in progress, she goes under as one of the victims of it—or of the conflict of which it is a part—for it is easy to see the connection be-

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tween her growing fear of the world and the strain under which her parents live as a result of the conflict. Some of the other characterizations—notably those of Doucet, the drunken worker who develops with new responsibilities, Ramon, the ambitious foreigner who sees the strike as a threat to his career, Mrs. Thayer, who escapes into shamelessness and scandal—are almost as memorable, though they do not show the same kind of originality and invention that is employed in painting the portraits of the two children of the ruling class.

"The Shadow Before," I repeat, is an impressive novel, exciting without being forced or melodramatic, above all convincing as an account of the way conflicts of this kind come up and develop. You will search in vain for the usual kind of propaganda in it, though there is an insinuating—and persuasive—propaganda in the way Mr. Rollins unfolds his story. And though it is not the most important aspect of Mr. Rollins's work, a comparison of "The Shadow Before" with "The Obelisk" throws a lot of light on the consequences of the past few years on the writing that is being done now—for it is more than a question of this author's individual development. As the social conflicts and the widespread suffering grow more apparent they will inevitably dominate the imaginations of more and more writers; the question will be, not whether this sort of material is proper fuel for art, but how it can be most deeply and fully expressed. If we judge "The Shadow Before" in the light of Mr. Rollins's early work, it seems that he has found a subject of sufficient vitality and variety to nourish a literature, and a way of approaching it that promises even more for the future.

Books and Reviews

THERE HAVE BEEN a number of good novels offered on the spring lists, beginning, of course, with "Ulysses" (Random House), now released from its shameful twelve-year censorship. Nothing need be said about it, except that of all the literature produced in our time, it seems the surest of a place with the best of English writing—of writing in English; that it towers so high it has already cast its shadow on the important writing done since it appeared. Perhaps its tremendous influence will be clarified now that the

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book is widely available, for writers have usually had to form their opinions of it from borrowed copies (few writers having money enough to buy the illegal editions) and writers are seldom deeply influenced by that sort of hasty reading. They really respond, a real dent is made in their imaginations, when they grow troubled and uncertain about their own small efforts and turn automatically to study the great works of their time. . . . Another Irish novel, by no means so vast, but so smooth it reminds one of Joyce's early work, is Sean O'Faoláin's "A Nest of Simple Folk" (Viking), a chronical of the Irish revolution from 1840 to 1916. O'Faoláin's prose is so cadenced and lovely that his characters are sometimes all but obscured, but the novel is powerful—the language is romantic but the characters and events are always kept down to earth. Still another, Rearden Connor's "Shake Hands with the Devil" (Morrow), also dealing with the "trouble", is artificial and melodramatic in comparison, an exciting story but so crowded with blood and thunder as to become tiresome before the last bomb explodes and blows the hero to pieces.

By all odds the most pretentious, and in many ways the most impressive, of the new books is Jules Romains's "Passion's Pilgrims" (Knopf), which includes books III and IV of "Men of Good Will." That seems, at first glance, a little complex, but it is as nothing compared with the complexity of Romains's masterpiece, which is to picture for us the whole of modern society before volume twenty-five appears. Romains is clever about concealing his purposes—he gives you just a hint of what he is going to do and then quickly covers it up—so that reading the book is a little like working out a puzzle and a little like trying to read in a dark room. A wealth of observation is going into the novel and there seems no doubt that it will be an important and influential work. The reviewers, through Romains's dexterous maneuvering, have been placed in the position of praising the book and at the same time suspending judgment on it, thus "taking Romains," as Edmund Wilson remarked, "as seriously as he takes himself"—no writer can ask for more. I recommend it heartily to those who will skip Romains's prefaces and try to dig out his purpose from the evidence of the chapters themselves.

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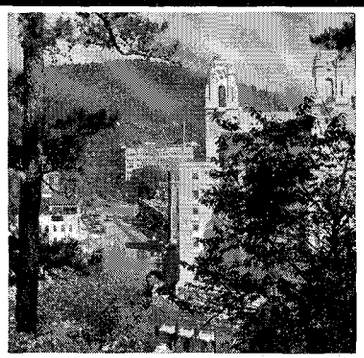

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In "The Young Manhood of Studs Lonigan" (Vanguard) James Farrell goes on with his investigation into the making of a Chicago hoodlum; in "Passions Spin the Plot" (Doubleday Doran) Vardis Fisher takes his Vridar Hunter a little further into life. Both characters are assuming considerable stature as their careers unfold. Farrell is a craftsman whose command of the language of his people is a constant pleasure; the two volumes that make up Lonigan's story are a mine of information on the ways and speech of the urban, Catholic, lower middle class. Thus far we seem to have seen Lonigan too much under one light, too much in a single mood of boredom broken by violence—and even the violence seems somehow meaningless, as though the characters had nothing at stake when they turned to battle or rape. As for "Passions Spin the Plot," the second volume of this work is less powerful than "In Tragic Life," though Vridar Hunter remains one of the most graceless, tormented, madly honest modern characters. There are some fine glimpses of Western college life—as it is lived by poor boys outside fraternities and faculty clubs—to reward a generous reader.

•

David Burnham's "Wedding Song" (Viking), dealing with a group of expatriates in Venice, is an uneven second novel, at times a sensitive study of the relationship of a brother and sister, more frequently a complicated and vague melodrama involving the hatred of a son for his father, the marriage of the sister to an Italian nobleman and other intricate intrigues. The method, taken from Faulkner and Stephen Hudson, emphasizes the obscurity of the plot, but it also permits Mr. Burnham to suggest the dislocation, the anchorlessness, of his people—the very conversations proceed with no continuity and control, the random speculations of the characters are continually interrupted by the sharp, irrelevant remarks of the people outside. A picture of nervous boredom which finds its outlet in involved, futile spite is probably the most concise statement of the development of the novel—and though the complication often seems unreal and unnecessary, that too may have been Mr. Burnham's intention, since it indicates how far his people have gotten from reality, how completely they are wrapped up in a society that has rotted to the heart.

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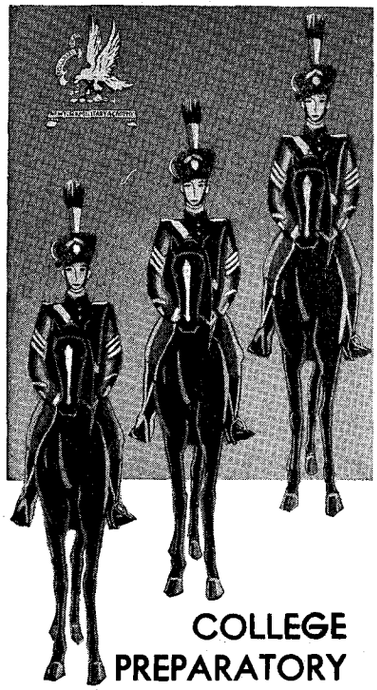

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Men Third Chamber

(*Continued from page* 46)

of organizations ready to help Secretary Ickes in the cutting of the $3,-300,000,000 Public Works melon. With them have come thousands of industrial officials called in to prepare codes under the NRA, which prompted the hasty formation of scores of trade associations. Philip P. Gott, director of the Trade Association Division of the Chamber of Commerce of the United States, has been midwife to the advent of no less than fifty new associations since the NRA started its drive. Altogether, there are between 400 and 500 organizations, running the gamut from the American Legion to the One-Cent Letter Postage Association and the American Taxpayers' League, with permanent quarters in Washington. While many of them embrace functions other than lobbying, most of them are deeply interested in legislative matters. This does not take into account additional hundreds of attorneys, agents and legislative representatives who have from one to a dozen clients.

Various factors are responsible for the frequent shifts and changes in the personnel of the Third Chamber. New Federal legislation which creates a new relationship between private enterprise and government is one of the most important factors. The repeal of the 18th Amendment is a typical case. A change of administration also has its effect.

The most prominent new arrivals of the last year have been the politico-attorneys with favorable party affiliations, who swarmed into the capital after the inauguration of President Roosevelt. One of the first on the scene was former Governor Oliver Max Gardner of North Carolina, mentioned prominently for a post in the Roosevelt administration, but who preferred to set up law offices in the capital, resign as Democratic National Committeeman and represent clients, including the rayon interests, before government departments and committees of Congress at fees reputed to be greater than the salary of the President of the United States.

Others who suddenly found Washington a lucrative spot for their services included Robert Jackson, Secretary of the Democratic National Committee and National Committeeman from New Hampshire; Arthur F. Mullen, National Committeeman from Nebraska; J. Bruce Kremer, National Committeeman from Montana; Orman W. Ewing, National Committeeman from Utah; Brice Claggett, son-in-law of Senator William Gibbs McAdoo. Jackson quickly won a reputation as a lavish entertainer with a guest list like a directory of the New Deal. Mullen, who turned down a judgeship offered him by President Roosevelt, found the advertisement was no hindrance in building up a practice, with fees during the first ten months reputedly running into six figures. Jackson, Mullen, Kremer and Ewing didn't bother to resign their party offices as Gardner did. Complaints of implied back-door influence soon filtered into the White House from Secretaries Ickes and Morgenthau, finally resulting in the President's request that the committeemen resign their party offices if they desired to continue the representation of clients before government departments or before committees of Congress.

Congress, as a result, is again toying with the idea of passing legislation to regulate lobbying and particularly to curb party officeholders and former members of Congress from piling up quick fortunes through capitalizing on implications of back-door influence. It is not likely that the current proposals to regulate lobbying will be any more successful than the two score bills and resolutions which reached the congressional legislative hopper since 1907. Many members of the Third Chamber, particularly those representing trade association groups which have gained semi-official status under NRA, would welcome an effective regulation of lobbying, thereby eliminating competition from the new school of politico-attorneys. Those who look at the subject realistically recognize that a congressional act is not likely to be much more productive of results than the acts on lobby regulation which now stand on the statute books of thirty-two of the forty-eight states. Georgia made lobbying a crime in its constitution; California labelled it a felony; but not one of the 32 state laws has been worth any more than the paper on which it is printed. Perhaps the best reason that Congress is not likely to legislate on the subject of lobbying, despite its perennial interest in it as live copy for the *"Congressional Record,"* is that no one has been able to discover any active lobbying for such a measure. It is about the only subject which has failed to find an articulate champion in the Third Chamber.

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Occupations

(*Continued from page* 4)

fessional status of those engaged in the fine arts. The American artist has been at a disadvantage in competition with foreign artists because the American public is easily exploited by the foreign artist—both good and mediocre. The Fine Arts Foundation hopes during the next three years to enlighten the American people concerning the merits of American artists. Many people feel, and rightly so, that the best expression of American life and ideals is produced by Americans. The Fine Arts Foundation hopes by demonstrating the artistic and technical achievements of native artists to win support for their work at home.

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Economic Reports

(*Continued from page* 31)

gold standard of pre-war times. France is working more and more toward isolation from the rest of the world in trade and prices, with the gold standard no longer allowed to act as an equalizer of prices at home and abroad. The

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trade pact with Germany is abrogated, and the Franco-British trade and maritime treaties of 1926 and 1882 are denounced. The ending of the trade agreements with Britain is advantageous to French shipping, in that it will remove the preferential treatment accorded to British ships in the carrying trade between France and her colonies. The elaborate quota system to whose development the French government gave much time last year helped to cut down the import balance but from 10,133,000,000 francs in 1932 to 9,992,000,000 francs in 1933. For the last six years France has run up a visible adverse trade balance of 50,000,000,000 francs, and now the import excess is beginning to tell heavily, for the franc's weakness is not concealed by payments from Germany and repatriation of French capital abroad.

●

German Front

JANUARY WAS THE FIRST MONTH in four years in which Germany had to report a balance of imports on foreign trade account. In trying to find out why this should be so one should not lose track of the fact that Germany has just got through arguing with foreign short and long term creditors about her ability to pay and must face the determined long term group again in April. Germany's capacity to pay is figured on the level of her exports and gold and foreign exchange holdings. The visible German export surplus declined from 2,800,000,000 reichsmarks in 1931 to 1,100,000,000 in 1932 and to 700,000,000 in 1933. Moreover, the Reichsbank's holdings of gold and foreign currencies dropped 600,000,000 in 1933. While some of the leading countries have said openly that Germany seemed to be putting the worst face possible on her trade statistics, it is evident from the January import surplus that German creditors should prepare soon for news less favorable than that which came out of the conference between Germany and her long term creditors in late January. At that time the German government, apparently greatly impressed by the protests from President Roosevelt personally to Ambassador Luther and by the British and Swedish governments, agreed to raise net service on the long term debt from the 65 per cent figure previously announced to 77 per cent and to agree not to renew in June the special treaties with Switzerland and Holland, by which their creditors received 100 per cent payment.

Farewell to Moscow

(*Continued from page* 23)

greet me when I arrived. These mass farewells whenever a permanent resident "goes out" for good are a Moscow tradition. I detected something wistful in the expressions of several foreigners in the group. And I knew what it meant. Often enough I had seen other people off as now these were seeing me off. Always, I suppose, that wistfulness had been in my face too. It was not merely the shadow of homesickness. It was a sudden and strange realization that the "other world," though it seemed so far away and incredible, was only fourteen hours' distance by rail. It is as if one were to become aware in a hallucinatory moment, that the moon and the stars can be reached by omnibus. One must have lived in Russia for a long time, one must have become privy to its desperations and paradoxes and high-pitched hopes, to understand the chasm dividing it from the outside world.

As for the Russians, the very notion of someone leaving the Soviet Union seems to them slightly unreal. Only one in a hundred thousand Soviet citizens dares even indulge the dream of seeing the lands beyond his own frontiers. The mere fact that foreign travel is forbidden, that it is permitted on rare occasions only as a supreme reward and flattering trust, invests that distant world with glamour.

They waved to me as the train pulled out. Melancholy, puzzled builders of a new epoch, trapped by history.

Farewell to Moscow!

Talk of Nation

(*Continued from page* 55)

School Superintendents holds to this belief. Their horror, accordingly, was profound when they checked over the answers to a current events quizz that had just been administered to five thousand high school seniors of the area. Slightly more than half the students examined passed. Forty-five per cent failed abysmally. As Professor George K. Makechnie of Boston University puts it: "For some time the school people have felt the present mode of study is not adequate. . . . To test the feeling and find facts, the investigating committee devised a test to examine KNOWLEDGE. The results show, without a doubt, that the curriculum needs drastic revision."

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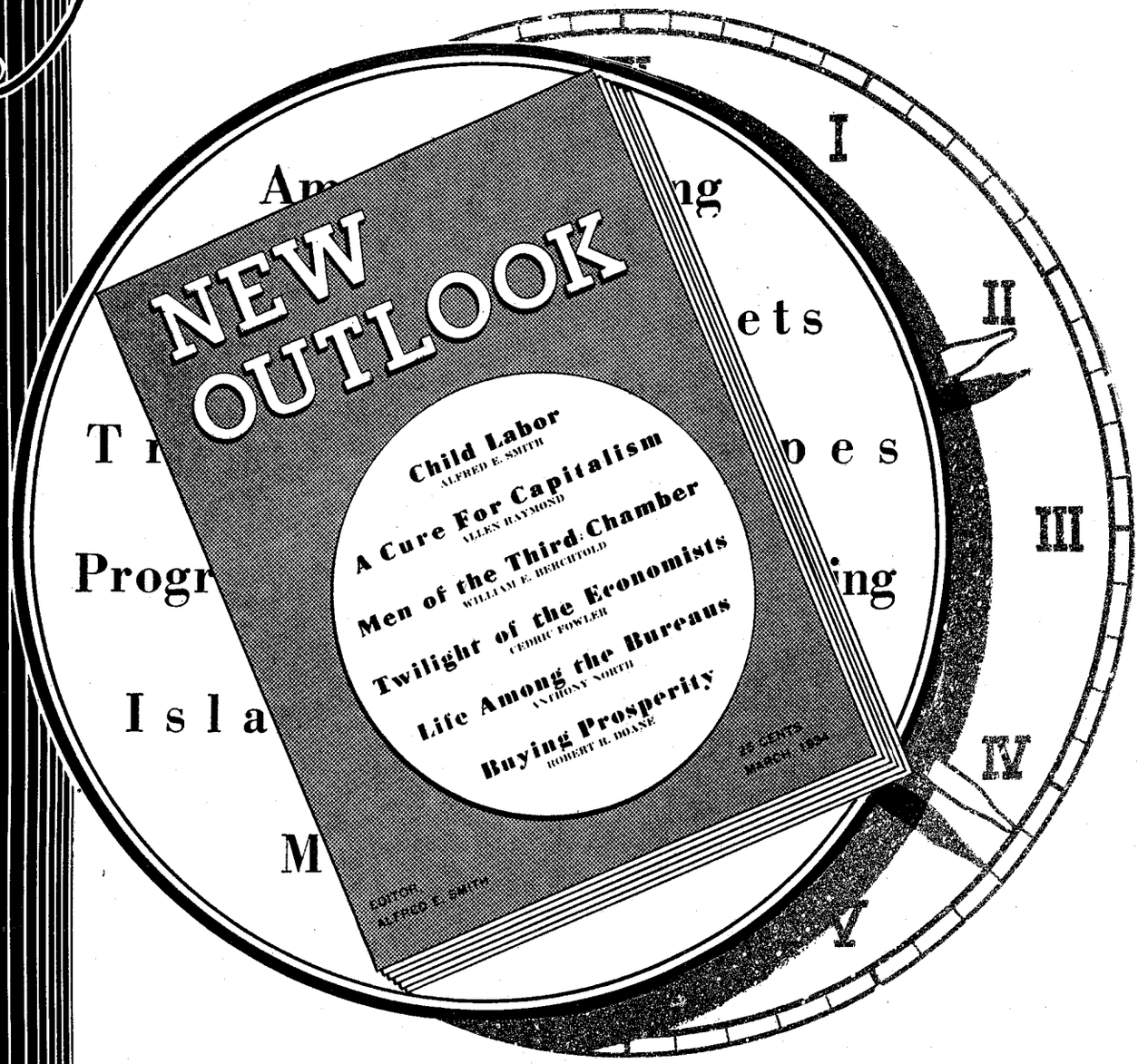

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Well, you can hardly blame the professor for feeling strongly. After all, when forty-five per cent of the high school seniors do not recognize the name of Charles Evans Hughes, something must be wrong, and not with the Supreme Court. The same proportion has apparently never heard of Ramsay MacDonald, Joseph Stalin, Heinrich Bruening, William Green, Elihu Root, Clara Barton and Pierre Laval. One student who had seen MacDonald's picture put him down as the Archbishop of Canterbury—a confusion that should delight his still unreconciled Labor rivals. Imagination balks at Communist snorts should they hear of Stalin's New England obscurity.

Answers on questions of present problems showed even worse confusion. Ignorance and lack of local pride were combined when a large percentage asserted that "New England has been losing its industries for years." Quite a number decided that the Gold Standard was "a flag used by the '49ers in their rush for the yellow metal across the continent." The still larger proportion that answered "I don't know" should perhaps be commended for modesty. So few people do nowadays. Another question, presented in the form of several possible answers, was on the present Arms Conference. Most of the students again answered "I don't know," which at least shows more frankness than the delegates at Geneva have permitted themselves.

The embattled authorities intend to do something about this immediately. Being modern minded, they have no desire to blame the children. Rather they blame themselves.

The professors, however, fail to say how this desirable result will be achieved. For example, can even the finest school system in the world keep track of the ex-Premiers of France? And it might be asked, supposing it does, what then? In the light of present policies, the Gold Standard seems to make as good a banner as it does monetary basis. Perhaps the forty-five percent can be left in their innocence. If they grow up to be readers of daily newspapers and magazines they will find a twenty-four hour supply constantly at hand. Until then, it is very likely they can stagger along quite nicely—even without being able to identify the whiskers of our Chief Justice.

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